

Al-Sagr National Insurance Company  
(Public Shareholding Company)

Condensed interim financial information

*for the nine-month period ended 30 September 2018*

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Condensed interim financial information *for the nine-month period ended 30 September 2018*

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KPMG Lower Gulf Limited  
Level 13, Boulevard Plaza Tower One  
Mohammed Bin Rashid Boulevard, Downtown Dubai, UAE  
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

## **Independent auditors' report on review of condensed interim financial information**

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

### *Introduction*

We have reviewed the accompanying 30 September 2018 condensed interim financial information of Al-Sagr National Insurance Company (Public Shareholding Company) (the "Company"), which comprises:

- the condensed interim statement of financial position as at 30 September 2018;
- the condensed interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2018;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2018;
- the condensed interim statement of changes in equity for the nine-month period ended 30 September 2018;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2018; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed 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 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.



**Al-Sagr National Insurance Company  
(Public Shareholding Company)**  
*Independent auditors' report on review of condensed  
interim financial information (continued)*  
30 September 2018

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2018 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Emilio Pera  
Registration No.: 1146  
Dubai, United Arab Emirates  
Date: **13 NOV 2018**

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Condensed interim statement of financial position

as at

|                                                            |      | 30 September<br>2018<br>AED<br>(Unaudited) | 31 December<br>2017<br>AED<br>(Audited) |
|------------------------------------------------------------|------|--------------------------------------------|-----------------------------------------|
|                                                            | Note |                                            |                                         |
| <b>ASSETS</b>                                              |      |                                            |                                         |
| Property and equipment                                     |      | 6,128,452                                  | 6,575,115                               |
| Investment in associates                                   | 6    | 163,892,043                                | 165,746,393                             |
| Investment in financial assets at FVTPL                    | 7    | 49,428,632                                 | 53,500,127                              |
| Investment properties                                      | 8    | 179,817,014                                | 172,602,503                             |
| Insurance receivables                                      |      | 148,943,534                                | 134,066,817                             |
| Reinsurer share of outstanding claims                      |      | 67,804,844                                 | 143,394,000                             |
| Reinsurer share of incurred but not reported claims (IBNR) |      | 13,414,000                                 | 15,836,000                              |
| Reinsurer share of unearned premium reserve                |      | 61,916,000                                 | 54,266,000                              |
| Due from related parties                                   | 15   | 105,894,454                                | 104,074,814                             |
| Other receivables and prepayments                          |      | 21,926,117                                 | 18,133,200                              |
| Security deposits                                          |      | 589,893                                    | 667,775                                 |
| Cash and bank balances                                     | 9    | 203,666,462                                | 239,248,629                             |
| Assets held for sale                                       |      | -                                          | 1,693,322                               |
| <b>TOTAL ASSETS</b>                                        |      | <b>1,023,421,445</b>                       | <b>1,109,804,695</b>                    |
| <b>EQUITY AND LIABILITIES</b>                              |      |                                            |                                         |
| <b>Equity</b>                                              |      |                                            |                                         |
| Share capital                                              | 12   | 230,000,000                                | 230,000,000                             |
| Statutory reserve                                          |      | 67,257,868                                 | 67,257,868                              |
| General reserve                                            |      | 100,000,000                                | 100,000,000                             |
| Retained earnings                                          |      | 58,966,909                                 | 57,863,417                              |
| <b>Total equity</b>                                        |      | <b>456,224,777</b>                         | <b>455,121,285</b>                      |
| <b>Liabilities</b>                                         |      |                                            |                                         |
| Due to related parties                                     | 15   | 78,590                                     | 91,800                                  |
| Provision for employees' end of service indemnity          |      | 14,520,357                                 | 14,294,533                              |
| Bank borrowings                                            |      | 125,729,047                                | 125,421,763                             |
| Insurance and other payables                               |      | 111,109,966                                | 134,744,334                             |
| Outstanding claims reserve                                 |      | 88,802,708                                 | 164,309,980                             |
| Incurred but not reported claims (IBNR) reserve            |      | 45,484,000                                 | 43,326,000                              |
| Unearned premium reserve                                   |      | 177,902,000                                | 168,520,000                             |
| Unexpired risk reserve                                     |      | 1,042,000                                  | 1,133,000                               |
| Unallocated loss adjustment expense reserve                |      | 2,528,000                                  | 2,842,000                               |
| <b>Total liabilities</b>                                   |      | <b>567,196,668</b>                         | <b>654,683,410</b>                      |
| <b>Total equity and liabilities</b>                        |      | <b>1,023,421,445</b>                       | <b>1,109,804,695</b>                    |

The notes on pages 10 to 24 form an integral part of these condensed interim financial information.

These condensed interim financial information were approved and authorised for issue by the Board of Directors on 13 NOV 2018 and signed on their behalf by:



Director and CEO

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Condensed interim statement of profit or loss

for the three month and nine-month periods ended 30 September

|                                                             | <b>Three-month<br/>period ended<br/>30 September<br/>2018<br/>AED<br/>(Un-audited)</b> | Three-month<br>period ended<br>30 September<br>2017<br>AED<br>(Un-audited)<br><i>Consolidated</i> | <b>Nine-month<br/>period ended<br/>30 September<br/>2018<br/>AED<br/>(Un-audited)</b> | Nine-month<br>period ended<br>30 September<br>2017<br>AED<br>(Un-audited)<br><i>Consolidated</i> |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <i>Note</i>                                                 |                                                                                        |                                                                                                   |                                                                                       |                                                                                                  |
| <b>UNDERWRITING RESULTS</b>                                 |                                                                                        |                                                                                                   |                                                                                       |                                                                                                  |
| <b>Underwriting income</b>                                  |                                                                                        |                                                                                                   |                                                                                       |                                                                                                  |
| Gross insurance premium                                     | 71,904,993                                                                             | 91,003,692                                                                                        | 272,930,126                                                                           | 315,174,009                                                                                      |
| Less: reinsurance share of gross premium                    | (21,499,884)                                                                           | (26,343,750)                                                                                      | (110,742,473)                                                                         | (128,982,351)                                                                                    |
| Less: reinsurance share of ceded business premium           | (819,615)                                                                              | (55,518)                                                                                          | (1,732,801)                                                                           | (1,778,527)                                                                                      |
| <b>Net retained premium</b>                                 | <b>49,585,494</b>                                                                      | 64,604,424                                                                                        | <b>160,454,852</b>                                                                    | 184,413,131                                                                                      |
| Net change in unearned premium reserve                      | 6,703,000                                                                              | (5,056,552)                                                                                       | (1,732,000)                                                                           | (10,044,840)                                                                                     |
| <b>Net insurance premium</b>                                | <b>56,288,494</b>                                                                      | 59,547,872                                                                                        | <b>158,722,852</b>                                                                    | 174,368,291                                                                                      |
| Commission earned                                           | 9,139,664                                                                              | 14,416,855                                                                                        | 45,173,914                                                                            | 53,612,664                                                                                       |
| Commission incurred                                         | (6,787,980)                                                                            | (7,625,369)                                                                                       | (23,514,291)                                                                          | (25,569,702)                                                                                     |
| <b>Underwriting income</b>                                  | <b>58,640,178</b>                                                                      | 66,339,358                                                                                        | <b>180,382,475</b>                                                                    | 202,411,253                                                                                      |
| Gross claims paid                                           | (63,399,701)                                                                           | (93,246,794)                                                                                      | (208,736,951)                                                                         | (270,315,075)                                                                                    |
| Insurance claims recovered from reinsurers                  | 20,578,906                                                                             | 38,885,812                                                                                        | 90,018,348                                                                            | 101,032,289                                                                                      |
| <b>Net claims paid</b>                                      | <b>(42,820,795)</b>                                                                    | (54,360,982)                                                                                      | <b>(118,718,603)</b>                                                                  | (169,282,786)                                                                                    |
| Decrease in provision for outstanding claims                | 46,170,471                                                                             | 26,048,467                                                                                        | 75,507,272                                                                            | 60,885,378                                                                                       |
| Decrease in reinsurer share of outstanding claims           | (42,199,234)                                                                           | (21,335,885)                                                                                      | (75,589,156)                                                                          | (41,132,145)                                                                                     |
| Decrease / (increase) in unexpired risk reserve             | 291,000                                                                                | 200,000                                                                                           | 91,000                                                                                | (295,000)                                                                                        |
| Increase in incurred but not reported claims (IBNR) reserve | (2,891,000)                                                                            | (1,120,687)                                                                                       | (4,580,000)                                                                           | (1,634,364)                                                                                      |
| Decrease in unallocated loss adjustment expense reserve     | 629,000                                                                                | 163,000                                                                                           | 314,000                                                                               | 360,000                                                                                          |
| <b>Net claims incurred</b>                                  | <b>(40,820,558)</b>                                                                    | (50,406,087)                                                                                      | <b>(122,975,487)</b>                                                                  | (151,098,917)                                                                                    |
| <b>Underwriting profit</b>                                  | <b>17,819,620</b>                                                                      | 15,933,271                                                                                        | <b>57,406,988</b>                                                                     | 51,312,336                                                                                       |
| Net investments loss                                        | (3,800,639)                                                                            | (1,307,168)                                                                                       | (6,978,162)                                                                           | (4,812,380)                                                                                      |
| Share of profits from equity accounted investees            | 753,287                                                                                | 1,036,368                                                                                         | 1,820,650                                                                             | 2,040,043                                                                                        |
| General and administrative expenses                         | (9,132,804)                                                                            | (10,927,860)                                                                                      | (27,053,174)                                                                          | (31,869,495)                                                                                     |
| <b>Profit for the period</b>                                | <b>5,639,464</b>                                                                       | 4,734,611                                                                                         | <b>25,196,302</b>                                                                     | 16,670,504                                                                                       |
| <b>Attributable to:</b>                                     |                                                                                        |                                                                                                   |                                                                                       |                                                                                                  |
| Shareholders of the Company                                 | 5,639,464                                                                              | 4,710,479                                                                                         | 25,196,302                                                                            | 16,916,079                                                                                       |
| Non-controlling interest                                    | -                                                                                      | 24,132                                                                                            | -                                                                                     | (245,575)                                                                                        |
|                                                             | <b>5,639,464</b>                                                                       | 4,734,611                                                                                         | <b>25,196,302</b>                                                                     | 16,670,504                                                                                       |
| <b>Earnings per share</b>                                   | <b>0.02</b>                                                                            | 0.02                                                                                              | <b>0.11</b>                                                                           | 0.07                                                                                             |

The notes on pages 10 to 24 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Condensed interim statement of profit or loss and other comprehensive income

for the three month and nine-month periods ended 30 September

|                                                               | <b>Three-month<br/>period ended<br/>30 September<br/>2018<br/>AED<br/>(Un-audited)</b> | Three-month<br>period ended<br>30 September<br>2017<br>AED<br>(Un-audited)<br><i>Consolidated</i> | <b>Nine-month<br/>period ended<br/>30 September<br/>2018<br/>AED<br/>(Un-audited)</b> | Nine-month<br>period ended<br>30 September<br>2017<br>AED<br>(Un-audited)<br><i>Consolidated</i> |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Profit for the period</b>                                  | <b>5,639,464</b>                                                                       | 4,734,611                                                                                         | <b>25,196,302</b>                                                                     | 16,670,504                                                                                       |
| <b>Other comprehensive income</b>                             |                                                                                        |                                                                                                   |                                                                                       |                                                                                                  |
| <i>Items that will not be reclassified to profit or loss:</i> | -                                                                                      | -                                                                                                 | -                                                                                     | -                                                                                                |
| <b>Other comprehensive income for the period</b>              | -                                                                                      | -                                                                                                 | -                                                                                     | -                                                                                                |
| <b>Total comprehensive income for the period</b>              | <b>5,639,464</b>                                                                       | 4,734,611                                                                                         | <b>25,196,302</b>                                                                     | 16,670,504                                                                                       |
| <b>Attributable to:</b>                                       |                                                                                        |                                                                                                   |                                                                                       |                                                                                                  |
| Shareholders of the Company                                   | <b>5,639,464</b>                                                                       | 4,710,479                                                                                         | <b>25,196,302</b>                                                                     | 16,916,079                                                                                       |
| Non-controlling interest                                      | -                                                                                      | 24,132                                                                                            | -                                                                                     | (245,575)                                                                                        |
|                                                               | <b>5,639,464</b>                                                                       | 4,734,611                                                                                         | <b>25,196,302</b>                                                                     | 16,670,504                                                                                       |

The notes on pages 10 to 24 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

# Al-Sagr National Insurance Company (Public Shareholding Company)

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

for the three month and nine-month periods ended 30 September

|                                                             | 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 / (loss) for the period                              | -                                                 | -                 | -                  | -                              | 16,916,079         | 16,916,079         | (245,575)                | 16,670,504         |
| Other comprehensive income                                  | -                                                 | -                 | -                  | -                              | -                  | -                  | -                        | -                  |
| <b>Total comprehensive income / (loss) for the period</b>   | -                                                 | -                 | -                  | -                              | 16,916,079         | 16,916,079         | (245,575)                | 16,670,504         |
| <b>Transactions with owners directly recorded in equity</b> |                                                   |                   |                    |                                |                    |                    |                          |                    |
| 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)        |
| <b>As at 30 September 2017 (Unaudited)</b>                  | <u>230,000,000</u>                                | <u>65,220,938</u> | <u>100,000,000</u> | <u>(1,379,079)</u>             | <u>57,826,203</u>  | <u>451,668,062</u> | <u>324,968</u>           | <u>451,993,030</u> |

The notes on pages 10 to 24 form an integral part of these condensed interim financial information.



# Al-Sagr National Insurance Company (Public Shareholding Company)

## Condensed interim statement of changes in equity (Un-audited) - Company only

for the three month and nine-month periods ended 30 September

|                                                             | Share<br>capital<br>AED | Statutory<br>reserve<br>AED | General<br>reserve<br>AED | Retained<br>earnings<br>AED | Total<br>equity<br>AED |
|-------------------------------------------------------------|-------------------------|-----------------------------|---------------------------|-----------------------------|------------------------|
| As at 1 January 2018 (Audited)                              | 230,000,000             | 67,257,868                  | 100,000,000               | 57,863,417                  | 455,121,285            |
| Impact of adopting IFRS 9 (refer note 3)                    | -                       | -                           | -                         | (10,592,810)                | (10,592,810)           |
| As at 1 January 2018 (Un-audited) - restated                | 230,000,000             | 67,257,868                  | 100,000,000               | 47,270,607                  | 444,528,475            |
| <b>Total comprehensive income for the period</b>            |                         |                             |                           |                             |                        |
| Profit for the period                                       | -                       | -                           | -                         | 25,196,302                  | 25,196,302             |
| Other comprehensive income                                  | -                       | -                           | -                         | -                           | -                      |
| <b>Total comprehensive income for the period</b>            | -                       | -                           | -                         | 25,196,302                  | 25,196,302             |
| <b>Transactions with owners directly recorded in equity</b> |                         |                             |                           |                             |                        |
| Dividend paid (refer note 17)                               | -                       | -                           | -                         | (11,500,000)                | (11,500,000)           |
| Directors' fee paid during the period                       | -                       | -                           | -                         | (2,000,000)                 | (2,000,000)            |
| <b>As at 30 September 2018 (Unaudited)</b>                  | <b>230,000,000</b>      | <b>67,257,868</b>           | <b>100,000,000</b>        | <b>58,966,909</b>           | <b>456,224,777</b>     |

The notes on pages 10 to 24 form an integral part of these condensed interim financial information.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Condensed interim statement of cash flows

for the three month and nine-month periods ended 30 September

|                                                                               | Nine-month<br>period ended<br>30 September 2018<br>AED<br>(Un-audited) | Nine-month<br>period ended<br>30 September 2017<br>AED<br>(Un-audited)<br><i>Consolidated</i> |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| <b>Cash flows from operating activities</b>                                   |                                                                        |                                                                                               |
| Profit for the period                                                         | 25,196,302                                                             | 16,670,504                                                                                    |
| <i>Adjustment for:</i>                                                        |                                                                        |                                                                                               |
| Depreciation                                                                  | 1,095,345                                                              | 1,180,153                                                                                     |
| Net unrealised loss / (gain) from investments in<br>financial assets at FVTPL | 2,071,967                                                              | (766,635)                                                                                     |
| Interest income                                                               | (4,699,959)                                                            | (5,758,516)                                                                                   |
| Dividend income                                                               | (1,652,109)                                                            | (1,455,877)                                                                                   |
| Share of profit from equity accounted investees                               | (1,820,650)                                                            | (2,040,043)                                                                                   |
| Provision for employees' end of service indemnity                             | 1,085,000                                                              | 939,920                                                                                       |
| Finance costs                                                                 | 3,512,756                                                              | 4,884,266                                                                                     |
| <b>Operating cash flows before movements in<br/>working capital</b>           | <b>24,788,652</b>                                                      | <b>13,653,772</b>                                                                             |
| Change in insurance receivables                                               | (25,070,817)                                                           | (34,986,099)                                                                                  |
| Change in reinsurer share of outstanding claims                               | 75,589,156                                                             | 41,132,145                                                                                    |
| Change in reinsurer share of incurred but not reported claims (IBNR)          | 2,422,000                                                              | (8,326,000)                                                                                   |
| Change in reinsurer share of unearned premium reserve                         | (7,650,000)                                                            | (19,209,021)                                                                                  |
| Change in due from related parties                                            | (1,819,640)                                                            | (6,784,397)                                                                                   |
| Change in other receivables and prepayments                                   | (4,131,223)                                                            | 9,952,507                                                                                     |
| Change in in security deposits                                                | 51,459                                                                 | (113,100)                                                                                     |
| Change in due to related parties                                              | (13,210)                                                               | (26,137)                                                                                      |
| Change in insurance and other payables                                        | (23,634,368)                                                           | 15,207,098                                                                                    |
| Change in outstanding claims reserve                                          | (75,507,272)                                                           | (60,885,378)                                                                                  |
| Change in incurred but not reported claims (IBNR) reserve                     | 2,158,000                                                              | 9,960,364                                                                                     |
| Change in unearned premium reserve                                            | 9,382,000                                                              | 29,253,861                                                                                    |
| Change in unexpired risk reserve                                              | (91,000)                                                               | 295,000                                                                                       |
| Change in unallocated loss adjustment expense reserve                         | (314,000)                                                              | (360,000)                                                                                     |
| <b>Net cash used in operations</b>                                            | <b>(23,840,263)</b>                                                    | <b>(11,235,385)</b>                                                                           |
| Interest paid                                                                 | (3,512,756)                                                            | (4,884,266)                                                                                   |
| Employees' end of service indemnity paid                                      | (859,176)                                                              | (734,622)                                                                                     |
| <b>Net cash used in operating activities</b>                                  | <b>(28,212,195)</b>                                                    | <b>(16,854,273)</b>                                                                           |
| <b>Cash flows from investing activities</b>                                   |                                                                        |                                                                                               |
| Purchase of property and equipment                                            | (648,682)                                                              | (999,233)                                                                                     |
| Addition in investment properties; net                                        | (7,214,511)                                                            | (1,720,759)                                                                                   |
| Net proceeds from sale of investment in financial assets at FVTPL             | 1,999,528                                                              | 7,334,431                                                                                     |
| Net proceeds from asset held for sale                                         | 1,693,322                                                              | -                                                                                             |
| Dividend received from equity accounted investees                             | 3,675,000                                                              | 9,800,000                                                                                     |
| Dividends received                                                            | 1,652,109                                                              | 1,455,877                                                                                     |
| Interest received                                                             | 4,699,959                                                              | 5,758,516                                                                                     |
| <b>Net cash generated from investing activities</b>                           | <b>5,856,725</b>                                                       | <b>21,628,832</b>                                                                             |

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Condensed interim statement of cash flows (continued)

for the three month and nine-month periods ended 30 September

|                                                                        | <b>Nine-month<br/>period ended<br/>30 September 2018<br/>AED<br/>(Un-audited)</b> | Nine-month<br>period ended<br>30 September 2017<br>AED<br>(Un-audited)<br><i>Consolidated</i> |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| <b>Cash flows from financing activities</b>                            |                                                                                   |                                                                                               |
| Dividends                                                              | <b>(11,500,000)</b>                                                               | (11,500,000)                                                                                  |
| Payment of directors' fees                                             | <b>(2,000,000)</b>                                                                | (1,000,000)                                                                                   |
| <b>Net cash used in financing activities</b>                           | <b>(13,500,000)</b>                                                               | (12,500,000)                                                                                  |
| Net decrease in cash and cash equivalents                              | <b>(35,855,470)</b>                                                               | (7,725,441)                                                                                   |
| Cash and cash equivalents at 1 January (net of expected credit losses) | <b>113,792,885</b>                                                                | 122,359,391                                                                                   |
| Cash and cash equivalents at 30 September (note 9)                     | <b>77,937,415</b>                                                                 | 114,633,950                                                                                   |

The notes on pages 10 to 24 form an integral part of these condensed interim financial information.

The independent auditors' report on review of condensed interim financial information is set out on pages 1 and 2.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information

### **1 Legal status and activities**

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

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

During prior year, the Board of Directors of the Company approved a plan to dispose off the Company's entire equity interest in Jordan Emirates Insurance Company PSC (a former subsidiary in Jordan). The Company lost control over its former subsidiary pursuant to a sale of 60% of the equity shares in the former subsidiary held by the Company in December 2017. During the period, the Company sold the remaining 34.1% of the equity shares which was classified as asset held for sale as at 31 December 2017.

### **2 Basis of preparation**

#### **a) Statement of compliance**

These condensed interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting", applicable provisions of UAE Federal Law No. 2 of 2015 and UAE Federal Law No. 6 of 2007. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

#### **b) Basis of measurement**

These condensed 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"); and
- ii) Investment properties.

#### **c) Functional and presentation currency**

These condensed 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 condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statements as at and for the year ended 31 December 2017, except the below which were a result of adoption of IFRS 9:

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 2 Basis of preparation (continued)

#### d) Use of estimates and judgements (continued)

##### **Impairment of financial instruments**

The Company considers a financial asset to be in default when

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

### 3 Summary of significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the annual financial statements as at and for the year ended 31 December 2017, except for changes to the accounting for financial instruments resulting from the adoption of International Financial Reporting Standard (IFRS) 9, Financial Instruments.

The final version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company had already early adopted the requirements for the classification and measurement of the financial instruments in the year 2014. The Company has assessed the changes between the version of IFRS 9 issued in July 2014 and the earlier version adopted and assessed that there are no significant changes. As such there is no impact on opening equity as at 1 January 2018 on account of changes in classification requirements of IFRS 9.

The adoption of July 2014 version of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

##### **Impairment**

IFRS 9 replaces the 'incurred loss' model in International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under International Accounting standard (IAS) 39 *Financial Instruments: Recognition and Measurement*.

The financial assets at amortised cost consist of insurance and other receivables, cash and cash equivalents and due from related parties.

##### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 3 Summary of significant accounting policies (continued)

#### Measurement of ECLs (continued)

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

Impairment provision for trade receivables are recognised based on the simplified approach within IFRS 9 using the life time expected credit losses. During this process the probability of non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within general and administrative expenses in the condensed interim statement of profit or loss. On confirmation that the trade receivables will not be collectible, the gross carrying value of the asset is written off against the associated provision.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

The Company has adopted simplified approach in case of insurance and other receivables. In case of financial assets for which simplified approach is adopted lifetime expected credit loss is recognised.

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

#### Forward-looking information

The measurement of expected credit losses considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 3 Summary of significant accounting policies (continued)

#### Macroeconomic factors

In its models, the Company relies on a broad range of forward looking information as economic inputs, such as: GDP, GDP annual growth rate, unemployment rates, inflation rates, interest rates, etc. Various macroeconomic variables considered are Brent, CPI, Stock, Inflation and Loans to private sector.

The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments using expert credit judgement.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets.

#### Definition of default

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of an amount due to the Company on terms that the Company would not otherwise consider, indication that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse change in the payment status of borrowers or issuers, or economic conditions that correlate with defaults in the Company.

In assessing whether a borrower is in default, the Company considers indicators that are:

- Qualitative – e.g. breaches of covenant
- Quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and
- Based on data developed internally and obtained from external sources

#### Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Company has assumed that credit risk on the asset had not increased significantly since its initial recognition.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 3 Summary of significant accounting policies (continued)

#### Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The impact from the adoption of IFRS 9 (2014) as at 1 January 2018 has been to decrease retained earnings by AED 10.59 million.

|                                                                                      | <b>Retained<br/>earnings<br/>AED</b> |
|--------------------------------------------------------------------------------------|--------------------------------------|
| <b>Closing balance under IAS 39 (31 December 2017)</b>                               | 57,863,417                           |
| <b><u>Impact on recognition of Expected Credit Losses</u></b>                        |                                      |
| Insurance receivables and due from related parties                                   | (10,194,100)                         |
| Security Deposits                                                                    | (26,423)                             |
| Other receivables                                                                    | (338,306)                            |
| Cash and bank balances                                                               | (33,981)                             |
| <b>Opening balance under IFRS 9 on date of initial application of 1 January 2018</b> | <b><u>47,270,607</u></b>             |

The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 as at 31 December 2017 to the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018.

#### *Reconciliation of impairment allowances*

|                                                    | <b>31 December<br/>2017<br/>AED</b> | <b>Re-measurement<br/>AED</b> | <b>1 January<br/>2018<br/>AED</b> |
|----------------------------------------------------|-------------------------------------|-------------------------------|-----------------------------------|
| Insurance receivables and due from related parties | 17,179,696                          | 10,194,100                    | 27,373,796                        |
| Security Deposits                                  | -                                   | 26,423                        | 26,423                            |
| Other receivables                                  | -                                   | 338,306                       | 338,306                           |
| Cash and bank balances                             | -                                   | 33,981                        | 33,981                            |
|                                                    | <b><u>17,179,696</u></b>            | <b><u>10,592,810</u></b>      | <b><u>27,772,506</u></b>          |



# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 4 Financial risk management

Aspects of the Company'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 2017.

### 5 Interim measurement

The nature of the Company'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 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)<br>30 September 2018<br>AED | (Audited)<br>31 December 2017<br>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.,<br>United Arab Emirates (Note 6.1) | 150,000                                  | 150,000                              |
| Al Sagr Cooperative Insurance Company (note 6.2)                             | 163,725,327                              | 165,579,677                          |
|                                                                              | <u>163,892,043</u>                       | <u>165,746,393</u>                   |

- 6.1** The Company 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 Company 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 Company holds 50% equity in these two associates, these are controlled by the Parent Company. The Company's voting rights in these entities do not give it control over these entities.

- 6.2** As at 30 September 2018, the Company hold 26% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). Out of the 26% shares, the Company holds 6% shares for the beneficial interest of other individuals. The Company accounts for the 20% holding as an investment in associate as the Company has significant influence over Al Sagr Cooperative.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 6 Investment in associates (continued)

|                                                            | (Un-audited)<br>30 September 2018<br>AED | (Audited)<br>31 December 2017<br>AED     |
|------------------------------------------------------------|------------------------------------------|------------------------------------------|
| As at 1 January                                            | 165,579,677                              | 173,414,627                              |
| Company's share of net profits for the period / year       | 1,820,650                                | 1,965,050                                |
| Dividend received during the period / year                 | (3,675,000)                              | (9,800,000)                              |
| Investment in associate                                    | <u>163,725,327</u>                       | <u>165,579,677</u>                       |
| <b>Percentage of interest</b>                              | <b>20%</b>                               | <b>20%</b>                               |
|                                                            | (Un-audited)<br>30 September 2018<br>AED | (Audited)<br>31 December 2017<br>AED     |
| Assets                                                     | 954,454,261                              | 1,078,446,590                            |
| Liabilities                                                | (504,328,366)                            | (619,048,950)                            |
| <b>Net assets</b>                                          | <u>450,125,895</u>                       | <u>459,397,640</u>                       |
| Company's share in net assets at 20%                       | 90,025,178                               | 91,879,528                               |
| Goodwill and other intangibles at acquisition              | 73,700,149                               | 73,700,149                               |
| Investment in associates                                   | <u>163,725,327</u>                       | <u>165,579,677</u>                       |
|                                                            | (Un-audited)<br>30 September 2018<br>AED | (Un-audited)<br>30 September 2017<br>AED |
| Revenue for the period                                     | 199,502,479                              | 129,740,074                              |
| Net profit for the period                                  | 9,103,254                                | 10,200,215                               |
| <b>Company's share of net profit for the period at 20%</b> | <u>1,820,650</u>                         | <u>2,040,043</u>                         |

### 7 Investment in financial assets at FVTPL

The revaluation of investment securities resulted in net unrealised loss of AED 2.07 million for the nine-month period ended 30 September 2018 (nine-month period ended 30 September 2017: net unrealised gain of AED 0.77 million). During the current period, Company received dividend income of AED 1.65 million (nine-month period ended 30 September 2017: AED 1.46 million) on its investments in securities.

### 8 Investment properties

|                                                 | (Un-audited)<br>30 September 2018<br>AED | (Audited)<br>31 December 2017<br>AED |
|-------------------------------------------------|------------------------------------------|--------------------------------------|
| At the beginning of the period / year           | 172,602,503                              | 172,934,241                          |
| Additions during the period / year              | 7,214,511                                | 2,602,503                            |
| Disposal of subsidiary during the period / year | -                                        | (2,934,241)                          |
|                                                 | <u>179,817,014</u>                       | <u>172,602,503</u>                   |

As at 30 September 2018, the Company has two 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 Company has 10% ownership. The carrying value of the property is AED 80 million (10% share of AED 800 million) (31 December 2017: AED 80 million). Another property located in Al Barsha First, Dubai is currently under development, and has a carrying value of AED 99.8 million (31 December 2017: AED 92.6 million) and the addition during the period pertains to that property. The Company assessed the fair value of the investment properties during 2017 externally. As at 30 September 2018, the fair value of investment properties portfolio based on internal valuation of management and not significantly different from its carrying value.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 9 Cash and bank balances

|                              | (Un-audited)<br>30 September<br>2018<br>AED | (Audited)<br>31 December<br>2017<br>AED |
|------------------------------|---------------------------------------------|-----------------------------------------|
| Cash in hand                 | 393,170                                     | 555,658                                 |
| Bank balances:               |                                             |                                         |
| Current accounts             | 1,707,373                                   | 6,614,681                               |
| Fixed deposits               | 201,599,900                                 | 232,078,290                             |
| Less: Expected credit losses | (33,981)                                    | -                                       |
|                              | <b>203,666,462</b>                          | <b>239,248,629</b>                      |

Fixed deposits with banks as at 30 September 2018 include AED 10.3 million (31 December 2017: 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 182 million (31 December 2017: AED 177.5 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 ranging 3% to 3.6% per annum (31 December 2017: 2.5% to 3.25% per annum).

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

|                                                            | (Un-audited)<br>30 September<br>2018<br>AED | (Audited)<br>31 December<br>2017<br>AED |
|------------------------------------------------------------|---------------------------------------------|-----------------------------------------|
| Cash and bank balances                                     | 203,666,462                                 | 239,248,629                             |
| Bank borrowings                                            | (125,729,047)                               | (125,421,763)                           |
| <b>Cash and cash equivalents (for cash flow statement)</b> | <b>77,937,415</b>                           | <b>113,826,866</b>                      |

### 10 Classes and categories of financial assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities along with their fair values. For financial assets and liabilities carried at amortised cost, management believes that the amortised cost of those instruments approximates to their fair values.

#### At 30 September 2018 (Un-audited)

| <u>Financial assets</u>                 | <u>FVTPL</u><br><u>AED</u> | <u>Amortised</u><br><u>cost</u><br><u>AED</u> | <u>Total</u><br><u>AED</u> |
|-----------------------------------------|----------------------------|-----------------------------------------------|----------------------------|
| Investment in financial assets at FVTPL | 49,428,632                 | -                                             | 49,428,632                 |
| Insurance receivables                   | -                          | 148,943,534                                   | 148,943,534                |
| Due from related parties                | -                          | 105,894,454                                   | 105,894,454                |
| Other receivables                       | -                          | 21,140,169                                    | 21,140,169                 |
| Security deposits                       | -                          | 589,893                                       | 589,893                    |
| Cash and bank balances                  | -                          | 203,666,462                                   | 203,666,462                |
|                                         | <b>49,428,632</b>          | <b>480,234,512</b>                            | <b>529,663,144</b>         |

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 10 Classes and categories of financial assets and financial liabilities (continued)

At 30 September 2018 (Un-audited)

| <u>Financial liabilities</u> | <u>FVTPL</u> | <u>Amortised</u> | <u>Total</u> |
|------------------------------|--------------|------------------|--------------|
|                              | <u>AED</u>   | <u>cost</u>      | <u>AED</u>   |
| Due to related parties       | -            | 78,590           | 78,590       |
| Bank borrowings              | -            | 125,729,047      | 125,729,047  |
| Insurance and other payables | -            | 111,109,966      | 111,109,966  |
|                              | -            | 236,917,603      | 236,917,603  |

At 31 December 2017 (Audited)

| <u>Financial assets</u>                 | <u>FVTPL</u> | <u>Amortised</u> | <u>Total</u> |
|-----------------------------------------|--------------|------------------|--------------|
|                                         | <u>AED</u>   | <u>cost</u>      | <u>AED</u>   |
| Investment in financial assets at FVTPL | 53,500,127   | -                | 53,500,127   |
| Insurance receivables                   | -            | 134,066,817      | 134,066,817  |
| Due from related parties                | -            | 104,074,814      | 104,074,814  |
| Other receivables                       | -            | 17,427,658       | 17,427,658   |
| Security deposits                       | -            | 667,775          | 667,775      |
| Cash and bank balances                  | -            | 239,248,629      | 239,248,629  |
| Asset held for sale                     | 1,693,322    | -                | 1,693,322    |
|                                         | 55,193,449   | 495,485,693      | 550,679,142  |

| <u>Financial liabilities</u> | <u>FVTPL</u> | <u>Amortised</u> | <u>Total</u> |
|------------------------------|--------------|------------------|--------------|
|                              | <u>AED</u>   | <u>cost</u>      | <u>AED</u>   |
| Due to related parties       | -            | 91,800           | 91,800       |
| Bank borrowings              | -            | 125,421,763      | 125,421,763  |
| Insurance and other payables | -            | 134,744,334      | 134,744,334  |
|                              | -            | 260,257,897      | 260,257,897  |

### 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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company 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 Company 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 Company 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.

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 11 Fair value of financial instruments (continued)

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

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

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

#### 30 September 2018 (Un-audited)

| <u>Financial assets</u>     | Level 1<br>AED    | Level 2<br>AED    | Level 3<br>AED     | Total<br>AED       |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|
| FVTPL - financial assets    | 32,226,581        | 17,202,051        | -                  | 49,428,632         |
|                             | <u>32,226,581</u> | <u>17,202,051</u> | <u>-</u>           | <u>49,428,632</u>  |
| <u>Non financial assets</u> |                   |                   |                    |                    |
| Investment properties       | -                 | -                 | 179,817,014        | 179,817,014        |
|                             | <u>32,226,581</u> | <u>17,202,051</u> | <u>179,817,014</u> | <u>229,245,646</u> |

#### 31 December 2017 (Audited)

| <u>Financial assets</u>     | Level 1<br>AED    | Level 2<br>AED    | Level 3<br>AED     | Total<br>AED       |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|
| FVTPL - financial assets    | 36,071,320        | 17,428,807        | -                  | 53,500,127         |
| Asset held for sale         | 1,693,322         | -                 | -                  | 1,693,322          |
|                             | <u>37,764,642</u> | <u>17,428,807</u> | <u>-</u>           | <u>55,193,449</u>  |
| <u>Non financial assets</u> |                   |                   |                    |                    |
| Investment properties       | -                 | -                 | 172,602,503        | 172,602,503        |
|                             | <u>37,764,642</u> | <u>17,428,807</u> | <u>172,602,503</u> | <u>227,795,952</u> |

### 12 Share capital

|                                                            | (Un-audited)<br>30 September<br>2018<br>AED | (Audited)<br>31 December<br>2017<br>AED |
|------------------------------------------------------------|---------------------------------------------|-----------------------------------------|
| Issued and fully paid:<br>230,000,000 shares of AED 1 each | <u>230,000,000</u>                          | <u>230,000,000</u>                      |

### 13 Contingent liabilities and commitments

|                      | (Un-audited)<br>30 September<br>2018<br>AED | (Audited)<br>31 December<br>2017<br>AED |
|----------------------|---------------------------------------------|-----------------------------------------|
| Letters of guarantee | <u>18,072,809</u>                           | <u>68,218,662</u>                       |

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 14 Earnings per share

|                                                                           | Three-month period ended<br>30 September |                      | Nine-month period ended<br>30 September |                      |
|---------------------------------------------------------------------------|------------------------------------------|----------------------|-----------------------------------------|----------------------|
|                                                                           | (Un-audited)<br>2018                     | (Un-audited)<br>2017 | (Un-audited)<br>2018                    | (Un-audited)<br>2017 |
| Profit for the period attributable to equity holders of the Company (AED) | 5,639,464                                | 4,710,479            | 25,196,302                              | 16,916,079           |
| Weighted average number of shares                                         | 230,000,000                              | 230,000,000          | 230,000,000                             | 230,000,000          |
| Basic earnings per share (AED)                                            | 0.02                                     | 0.02                 | 0.11                                    | 0.07                 |

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 Related party transactions

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

|                                                         | (Un-audited)<br>30 September<br>2018<br>AED | (Audited)<br>31 December<br>2017<br>AED |
|---------------------------------------------------------|---------------------------------------------|-----------------------------------------|
| <b>Included in due from related parties</b>             |                                             |                                         |
| Due from related parties                                | 109,024,154                                 | 106,966,596                             |
| Due from shareholders                                   | 3,222,800                                   | 3,460,718                               |
| Less: Provision for doubtful debts from a related party | (6,352,500)                                 | (6,352,500)                             |
|                                                         | <b>105,894,454</b>                          | <b>104,074,814</b>                      |
| Due to related parties                                  | <b>78,590</b>                               | <b>91,800</b>                           |
| <b>Included in insurance contract liabilities</b>       |                                             |                                         |
| Gross outstanding claims                                | <b>1,747,134</b>                            | <b>828,577</b>                          |

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

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

|                                                 | Three-month period ended<br>30 September |                             | Nine-month period ended<br>30 September |                             |
|-------------------------------------------------|------------------------------------------|-----------------------------|-----------------------------------------|-----------------------------|
|                                                 | (Un-audited)<br>2018<br>AED              | (Un-audited)<br>2017<br>AED | (Un-audited)<br>2018<br>AED             | (Un-audited)<br>2017<br>AED |
| Gross premium                                   | 2,211,075                                | 3,141,721                   | 5,546,815                               | 10,261,095                  |
| Claims paid                                     | 594,843                                  | 924,281                     | 1,477,584                               | 2,392,818                   |
| <b>Compensation of key management personnel</b> |                                          |                             |                                         |                             |
| Salaries and benefits                           | <b>1,340,868</b>                         | <b>2,209,713</b>            | <b>4,726,812</b>                        | <b>6,435,972</b>            |

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 16 Segment information

#### *Operating segment information*

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which the Company reports its primary segment information.

|                                                            | <b>General insurance</b> |               | <b>Life insurance</b> |             | <b>Total</b>         |               |
|------------------------------------------------------------|--------------------------|---------------|-----------------------|-------------|----------------------|---------------|
|                                                            | <b>30 September</b>      | 31 December   | <b>30 September</b>   | 31 December | <b>30 September</b>  | 31 December   |
|                                                            | <b>2018</b>              | 2017          | <b>2018</b>           | 2017        | <b>2018</b>          | 2017          |
|                                                            | <b>AED</b>               | AED           | <b>AED</b>            | AED         | <b>AED</b>           | AED           |
|                                                            | <b>(Unaudited)</b>       | (Audited)     | <b>(Unaudited)</b>    | (Audited)   | <b>(Unaudited)</b>   | (Audited)     |
| <b>ASSETS</b>                                              |                          |               |                       |             |                      |               |
| Property and equipment                                     | <b>6,001,459</b>         | 6,434,985     | <b>126,993</b>        | 140,130     | <b>6,128,452</b>     | 6,575,115     |
| Investment in associates                                   | <b>163,892,043</b>       | 165,746,393   | -                     | -           | <b>163,892,043</b>   | 165,746,393   |
| Investment in financial assets at FVTPL                    | <b>49,428,632</b>        | 53,500,127    | -                     | -           | <b>49,428,632</b>    | 53,500,127    |
| Investment properties                                      | <b>179,817,014</b>       | 172,602,503   | -                     | -           | <b>179,817,014</b>   | 172,602,503   |
| Insurance receivables                                      | <b>142,982,541</b>       | 132,354,813   | <b>5,960,993</b>      | 1,712,004   | <b>148,943,534</b>   | 134,066,817   |
| Reinsurer share of outstanding claims                      | <b>63,528,058</b>        | 140,811,962   | <b>4,276,786</b>      | 2,582,038   | <b>67,804,844</b>    | 143,394,000   |
| Reinsurer share of incurred but not reported claims (IBNR) | <b>12,051,000</b>        | 14,309,000    | <b>1,363,000</b>      | 1,527,000   | <b>13,414,000</b>    | 15,836,000    |
| Reinsurer share of unearned premium reserve                | <b>56,487,000</b>        | 50,732,000    | <b>5,429,000</b>      | 3,534,000   | <b>61,916,000</b>    | 54,266,000    |
| Due from related parties                                   | <b>105,712,695</b>       | 103,858,528   | <b>181,759</b>        | 216,286     | <b>105,894,454</b>   | 104,074,814   |
| Other receivables and prepayments                          | <b>21,926,117</b>        | 18,133,200    | -                     | -           | <b>21,926,117</b>    | 18,133,200    |
| Security deposits                                          | <b>589,893</b>           | 667,775       | -                     | -           | <b>589,893</b>       | 667,775       |
| Cash and bank balances                                     | <b>195,166,462</b>       | 230,748,629   | <b>8,500,000</b>      | 8,500,000   | <b>203,666,462</b>   | 239,248,629   |
| Asset held for sale                                        | -                        | 1,693,322     | -                     | -           | -                    | 1,693,322     |
| <b>Total assets</b>                                        | <b>997,582,914</b>       | 1,091,593,237 | <b>25,838,531</b>     | 18,211,458  | <b>1,023,421,445</b> | 1,109,804,695 |

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 16 Segment information (continued)

|                                                   | <b>General insurance</b> |             | <b>Life insurance</b> |             | <b>Total</b>         |               |
|---------------------------------------------------|--------------------------|-------------|-----------------------|-------------|----------------------|---------------|
|                                                   | <b>30 September</b>      | 31 December | <b>30 September</b>   | 31 December | <b>30 September</b>  | 31 December   |
|                                                   | <b>2018</b>              | 2017        | <b>2018</b>           | 2017        | <b>2018</b>          | 2017          |
|                                                   | <b>AED</b>               | AED         | <b>AED</b>            | AED         | <b>AED</b>           | AED           |
|                                                   | <b>(Unaudited)</b>       | (Audited)   | <b>(Unaudited)</b>    | (Audited)   | <b>(Unaudited)</b>   | (Audited)     |
| <b>LIABILITIES</b>                                |                          |             |                       |             |                      |               |
| Due to related parties                            | <b>78,590</b>            | 91,800      | -                     | -           | <b>78,590</b>        | 91,800        |
| Provision for employees' end of service indemnity | <b>14,203,371</b>        | 13,996,351  | <b>316,986</b>        | 298,182     | <b>14,520,357</b>    | 14,294,533    |
| Bank borrowings                                   | <b>125,729,047</b>       | 125,421,763 | -                     | -           | <b>125,729,047</b>   | 125,421,763   |
| Insurance and other payables                      | <b>105,325,334</b>       | 132,299,198 | <b>5,784,632</b>      | 2,445,136   | <b>111,109,966</b>   | 134,744,334   |
| Outstanding claims reserve                        | <b>83,999,567</b>        | 161,391,398 | <b>4,803,141</b>      | 2,918,582   | <b>88,802,708</b>    | 164,309,980   |
| Incurred but not reported claims (IBNR) reserve   | <b>44,036,000</b>        | 41,751,000  | <b>1,448,000</b>      | 1,575,000   | <b>45,484,000</b>    | 43,326,000    |
| Unearned premium reserve                          | <b>172,642,000</b>       | 165,039,000 | <b>5,260,000</b>      | 3,481,000   | <b>177,902,000</b>   | 168,520,000   |
| Unexpired risk reserve                            | <b>488,000</b>           | 804,000     | <b>554,000</b>        | 329,000     | <b>1,042,000</b>     | 1,133,000     |
| Unallocated loss adjustment expense reserve       | <b>2,413,000</b>         | 2,751,000   | <b>115,000</b>        | 91,000      | <b>2,528,000</b>     | 2,842,000     |
| <b>Total liabilities</b>                          | <b>548,914,909</b>       | 643,545,510 | <b>18,281,759</b>     | 11,137,900  | <b>567,196,668</b>   | 654,683,410   |
| <b>EQUITY</b>                                     |                          |             |                       |             |                      |               |
| Share capital                                     |                          |             |                       |             | <b>230,000,000</b>   | 230,000,000   |
| Statutory reserve                                 |                          |             |                       |             | <b>67,257,868</b>    | 67,257,868    |
| General reserve                                   |                          |             |                       |             | <b>100,000,000</b>   | 100,000,000   |
| Retained earnings                                 |                          |             |                       |             | <b>58,966,909</b>    | 57,863,417    |
| <b>Total equity</b>                               |                          |             |                       |             | <b>456,224,777</b>   | 455,121,285   |
| <b>Total liabilities and equity</b>               |                          |             |                       |             | <b>1,023,421,445</b> | 1,109,804,695 |



# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 16 Segment information (continued)

#### Operating segment information

|                                                                      | Nine-month period ended 30 September |                      |                  |                    |                      |                      |
|----------------------------------------------------------------------|--------------------------------------|----------------------|------------------|--------------------|----------------------|----------------------|
|                                                                      | General insurance                    |                      | Life insurance   |                    | Total                |                      |
|                                                                      | 2018                                 | 2017                 | 2018             | 2017               | 2018                 | 2017                 |
|                                                                      | AED                                  | AED                  | AED              | AED                | AED                  | AED                  |
|                                                                      | (Un-audited)                         | (Un-audited)         | (Un-audited)     | (Un-audited)       | (Un-audited)         | (Un-audited)         |
| <b>Underwriting income</b>                                           |                                      |                      |                  |                    |                      |                      |
| Gross insurance premium                                              | 262,035,511                          | 302,534,694          | 10,894,615       | 12,639,315         | 272,930,126          | 315,174,009          |
| Less: reinsurance share of gross premium                             | (100,303,849)                        | (117,111,235)        | (10,438,624)     | (11,871,116)       | (110,742,473)        | (128,982,351)        |
| Less: Reinsurance share of ceded business premium                    | (1,732,801)                          | (1,778,527)          | -                | -                  | (1,732,801)          | (1,778,527)          |
| <b>Net retained premium</b>                                          | <b>159,998,861</b>                   | <b>183,644,932</b>   | <b>455,991</b>   | <b>768,199</b>     | <b>160,454,852</b>   | <b>184,413,131</b>   |
| Net change in unearned premium reserve                               | (1,848,000)                          | (10,121,840)         | 116,000          | 77,000             | (1,732,000)          | (10,044,840)         |
| <b>Net insurance premium</b>                                         | <b>158,150,861</b>                   | <b>173,523,092</b>   | <b>571,991</b>   | <b>845,199</b>     | <b>158,722,852</b>   | <b>174,368,291</b>   |
| Commission earned                                                    | 40,010,345                           | 47,742,656           | 5,163,569        | 5,870,008          | 45,173,914           | 53,612,664           |
| Commission incurred                                                  | (22,623,087)                         | (24,574,260)         | (891,204)        | (995,442)          | (23,514,291)         | (25,569,702)         |
| <b>Net underwriting income</b>                                       | <b>175,538,119</b>                   | <b>196,691,488</b>   | <b>4,844,356</b> | <b>5,719,765</b>   | <b>180,382,475</b>   | <b>202,411,253</b>   |
| Gross claims paid                                                    | (207,656,173)                        | (265,250,323)        | (1,080,778)      | (5,064,752)        | (208,736,951)        | (270,315,075)        |
| Insurance claims recovered from reinsurers                           | 89,103,664                           | 96,490,489           | 914,684          | 4,541,800          | 90,018,348           | 101,032,289          |
| <b>Net claims paid</b>                                               | <b>(118,552,509)</b>                 | <b>(168,759,834)</b> | <b>(166,094)</b> | <b>(522,952)</b>   | <b>(118,718,603)</b> | <b>(169,282,786)</b> |
| Decrease / (increase) in provision for outstanding claims            | 77,391,831                           | 63,352,811           | (1,884,559)      | (2,467,433)        | 75,507,272           | 60,885,378           |
| (Decrease) / increase in reinsurer share of outstanding claims       | (77,283,904)                         | (43,346,925)         | 1,694,748        | 2,214,780          | (75,589,156)         | (41,132,145)         |
| Decrease / (increase) in unexpired risk reserve                      | 316,000                              | (37,000)             | (225,000)        | (258,000)          | 91,000               | (295,000)            |
| Increase in incurred but not reported claims (IBNR) reserve          | (4,543,000)                          | (1,573,364)          | (37,000)         | (61,000)           | (4,580,000)          | (1,634,364)          |
| Decrease / (increase) in unallocated loss adjustment expense reserve | 338,000                              | 463,000              | (24,000)         | (103,000)          | 314,000              | 360,000              |
| <b>Net claims incurred</b>                                           | <b>(122,333,582)</b>                 | <b>(149,901,312)</b> | <b>(641,905)</b> | <b>(1,197,605)</b> | <b>(122,975,487)</b> | <b>(151,098,917)</b> |
| <b>Underwriting profit</b>                                           | <b>53,204,537</b>                    | <b>46,790,176</b>    | <b>4,202,451</b> | <b>4,522,160</b>   | <b>57,406,988</b>    | <b>51,312,336</b>    |

# Al-Sagr National Insurance Company (Public Shareholding Company)

## Notes to the condensed interim financial information (continued)

### 16 Segment information (continued)

|                                                  | Nine-month period ended<br>30 September |                      |
|--------------------------------------------------|-----------------------------------------|----------------------|
|                                                  | (Un-audited)<br>2018                    | (Un-audited)<br>2017 |
| <b>Underwriting profit (continued)</b>           | <b>57,406,988</b>                       | 51,312,336           |
| Net investments loss                             | <b>(6,978,162)</b>                      | (4,812,380)          |
| Share of profits from equity accounted investees | <b>1,820,650</b>                        | 2,040,043            |
| General and administrative expenses              | <b>(27,053,174)</b>                     | (31,869,495)         |
| <b>Profit for the period</b>                     | <b>25,196,302</b>                       | 16,670,504           |

### 17 Dividend

Dividends of AED 0.05 per share (2017: AED 0.05 per share) amounting to AED 11.5 million relating to the year 2017 were approved by the shareholders at the Annual General Meeting held on 17 April 2018 and paid during the period.

### 18 Other matters

As at 30 September 2018, the Company has no exposure in Abraaj Holdings, or any of its subsidiaries, or any of its funds.

### 19 Comparative figures

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