SHARJAH INSURANCE COMPANY P.S.C.

Review report and interim financial information for the three months period ended 31 March 2017

SHARJAH INSURANCE COMPANY P.S.C.

Contents

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Sharjah Insurance Company P.S.C.
Sharjah
United Arab Emirates

Introduction

We have reviewed the accompanying condensed statement of financial position of **Sharjah Insurance Company P.S.C. (the "Company") - Sharjah, United Arab Emirates** as at 31 March 2017 and the related condensed statement of income, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the three months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34: "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: "*Interim Financial Reporting*".

Deloitte & Touche (M.E.)

Signed by:
Samir Madbak
Registration No. 386
15 May 2017
Sharjah, United Arab Emirates

Condensed statement of financial position at 31 March 2017

	Notes	31 March 2017 (unaudited) AED	31 December 2016 (audited) AED
ASSETS			
Non-current assets			
Property and equipment		1,020,650	742,371
Investment properties	4	55,730,000	55,730,000
Investments designated at fair value through other comprehensive income (FVTOCI)	5	146,719,460	141,650,335
Statutory deposit	6	2,500,000	2,500,000
Total non-current assets		205,970,110	200,622,706
Current assets			
Reinsurance contract assets	7	78,180,988	65,026,316
Insurance and other receivables		55,826,867	63,194,996
Investments at fair value through profit or loss (FVTPL)	5	38,514,906	38,766,369
Bank balances and cash	8	5,142,465	4,932,627
Total current assets		177,665,226	171,920,308
Total assets		383,635,336	372,543,014
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	137,500,000	137,500,000
Statutory reserve		42,455,173	42,455,173
Voluntary reserve		30,000,000	30,000,000
Cumulative change in fair value of financial investments designated at FVTOCI		(114,578,115)	(120,218,704)
Retained earnings		113,569,441	113,968,124
Total equity		208,946,499	203,704,593
Non-current liabilities			
Provision for employees' end of service indemnity		1,525,670	1,545,624
Current liabilities			
Insurance contract liabilities	7	127,856,947	118,357,433
Insurance and other payables		37,494,911	44,216,903
Bank overdrafts	10	7,811,309	4,718,461
Total current liabilities		173,163,167	167,292,797
Total liabilities		174,688,837	168,838,421
Total equity and liabilities		383,635,336	372,543,014

for

Chairman

General Manager

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of income (unaudited)
for the three months period ended 31 March 2017

	Notes	Three months period ended 31 March 2017 AED	2016 AED
Insurance premium	11	**16,938,602**	16,133,271
Less: Insurance premium ceded to reinsurers	11	**(4,448,470)**	(8,999,779)
Net insurance premium	11	**12,490,132**	7,133,492
Gross claims incurred		**(9,411,299)**	(62,751,237)
Reinsurance share of claims incurred		**4,936,333**	47,321,610
Net claims incurred		**(4,474,966)**	(15,429,627)
Net commission earned		**4,931,650**	3,163,676
Underwriting profit/(loss)		**12,946,816**	(5,132,459)
General and administrative expenses relating to underwriting activities		**(3,591,605)**	(3,007,427)
Net underwriting profit/(loss)		**9,355,211**	(8,139,886)
Investment and other income		**923,184**	1,749,315
Finance costs		**(6,024)**	(2,267)
Unallocated general and administrative expenses		**(628,960)**	(526,310)
Profit/(loss) for the period		**9,643,411**	(6,919,148)
Basic earnings/(loss) per share	12	**0.07**	(0.05)

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of comprehensive income (unaudited)
for the three months period ended 31 March 2017

	Three months period ended 31 March	
	2017	2016
	AED	AED
Profit/(loss) for the period	**9,643,411**	(6,919,148)
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on revaluation of investments designated at FVTOCI	**5,689,891**	(39,876,392)
Gain/(loss) on sale of investments designated at FVTOCI	**33,604**	(372,913)
Director's remuneration	**(500,000)**	-
Total other comprehensive income/(loss)	**5,223,495**	(40,249,305)
Total comprehensive income/(loss) for the period	**14,866,906**	(47,168,453)

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of changes in equity for the three months period ended 31 March 2017

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Cumulative changes in fair value of investments designated at FVTOCI AED	Retained earnings AED	Total AED
Balance at 31 December 2015 (audited)	137,500,000	40,524,342	30,000,000	(67,256,177)	106,180,129	246,948,294
Loss for the period	-	-	-	-	(6,919,148)	(6,919,148)
Other comprehensive loss for the period	-	-	-	(39,876,392)	(372,913)	(40,249,305)
Total comprehensive loss for the period	-	-	-	(39,876,392)	(7,292,061)	(47,168,453)
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	-	3,930,716	(3,930,716)	-
Balance at 31 March 2016 (unaudited)	137,500,000	40,524,342	30,000,000	(103,201,853)	94,957,352	199,779,841
Balance at 31 December 2016 (audited)	137,500,000	42,455,173	30,000,000	(120,218,704)	113,968,124	203,704,593
Profit for the period	-	-	-	-	9,643,411	9,643,411
Other comprehensive income for the period	-	-	-	5,689,891	(466,396)	5,223,495
Total comprehensive income for the period	-	-	-	5,689,891	9,177,015	14,866,906
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	-	(49,302)	49,302	-
Dividends (Note 17)	-	-	-	-	(9,625,000)	(9,625,000)
Balance at 31 March 2017 (unaudited)	**137,500,000**	**42,455,173**	**30,000,000**	**(114,578,115)**	**113,569,441**	**208,946,499**

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of cash flows (unaudited)
for the three months period ended 31 March 2017

	Three months period ended 31 March	
	2017	2016
	AED	AED
Cash flows from operating activities		
Profit/(loss) for the period	**9,643,411**	(6,919,148)
Adjustments for:		
Depreciation of property and equipment	**138,037**	128,550
Provision for employees' end of service indemnity	**52,550**	59,839
Investment income	**(923,184)**	(1,749,315)
Finance costs	**6,024**	2,267
Operating cash flows before changes in operating assets and liabilities	**8,916,838**	(8,477,807)
Increase in reinsurance contract assets	**(13,154,672)**	(48,406,001)
Increase in insurance contract liabilities	**9,499,514**	59,329,246
Decrease/(increase) in insurance and other receivables	**7,368,129**	(9,516,040)
(Decrease)/increase in insurance and other payables	**(6,721,992)**	2,809,209
Cash generated from/(used in) operations	**5,907,817**	(4,261,393)
Employees' end of service indemnity paid	**(72,504)**	(69,753)
Finance costs paid	**(6,024)**	(2,267)
Net cash generated from/(used in) operating activities	**5,829,289**	(4,333,413)
Cash flows from investing activities		
Purchase of property and equipment	**(416,316)**	(21,072)
Purchase of investment designated at FVTOCI	**(938,532)**	(5,615,472)
Proceeds from disposal of investments designated at FVTOCI	**1,592,902**	9,232,097
Proceeds from disposal of investments designated at FVTPL	**-**	848,640
Dividend received	**420,730**	703,317
Income from investment properties	**727,256**	669,718
Interest received	**26,661**	15,249
Net cash generated from investing activities	**1,412,701**	5,832,477
Cash flows from financing activities		
Increase in bank overdrafts	**3,092,848**	501,365
Dividends paid	**(9,625,000)**	-
Director's remuneration paid	**(500,000)**	-
Cash (used in)/generated from financing activities	**(7,032,152)**	501,365
Net increase in cash and cash equivalents	**209,838**	2,000,429
Cash and cash equivalents at the beginning of the period	**2,432,627**	4,759,110
Cash and cash equivalents at the end of the period (Note 13)	**2,642,465**	6,759,539

The accompanying notes form an integral part of these condensed financial statements.

Notes to the condensed financial statements
for the three months period ended 31 March 2017

1. General information

Sharjah Insurance Company P.S.C. - Sharjah (the "Company") is incorporated as a public shareholding company by an Amiri Decree issued by His Highness, The Ruler of Sharjah on 8 March 1970. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies register of Insurance Authority of U.A.E. under registration No.12. The Company operates through its head office in Sharjah and has branches in Dubai and Ajman. The address of the Company's registered office is P.O. Box 792, Sharjah, United Arab Emirates.

The principal activity of the Company is dealing in all types of insurance including life assurance. The Company mainly carries out general insurance business.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the condensed financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these condensed financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Financial improvements to IFRS Standards 2014 – 2016 Cycle – Amendments to IFRS 12 *Disclosure of Interest in Other Entities.*

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28	1 January 2018

Notes to the condensed financial statements for the three months period ended 31 March 2017 (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

<u>New and revised IFRSs</u>	**Effective for annual periods <u>beginning on or after</u>**
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions	1 January 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model. A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	1 January 2018

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

<u>**New and revised IFRSs**</u>	**Effective for annual periods <u>beginning on or after</u>**
Amendments to IFRS 4: Insurance Contracts which introduces the overlay approach and deferral approach towards implementing IFRS 9 before implementing the replacement standard that the IASB Board is developing for IFRS 4	When IFRS 9 is first applied or 1 January 2021 under deferral approach.
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for finalised version of IFRS 9, may have no material impact on the financial statements of the Company in the period of initial application.

The application of finalised version of IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of their standard as the Company is in the process of performing a detailed review.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, "*Interim Financial Reporting*" and also comply with the applicable requirements of the laws in the U.A.E.

The Company is in the process of aligning the operations with the requirement of the regulations relating to investment operations.

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties.

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

The accounting policies, presentation and methods in these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2016.

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2016. In addition, results for the three months period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

3.1.1 Judgements and estimates

The preparation of condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements as at and for the year ended 31 December 2016.

3.1.2 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2016.

The accounting policies in respect of investment properties, investment in securities and property and equipment are disclosed in these condensed financial statements as required by Securities and Commodities Authority ("SCA") notification dated 12 October 2008.

3.2 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the period of retirement or disposal.

Fair value is determined by open market values based on valuations performed by independent surveyors and consultants.

3. Summary of significant accounting policies (continued)

3.3 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any identified impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The useful lives considered in the calculation of depreciation for all the assets are 4 - 5 years.

3.4 Investments in securities

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

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 19.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment.

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

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income. Designation at fair value through other comprehensive income is not permitted if the equity investment is held for trading.

A financial asset is held-for-trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

3. Summary of significant accounting policies (continued)

3.4 Investments in securities (continued)

3.4.2 Financial assets designated at fair value through other comprehensive income (FVTOCI) (continued)

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value in equity. When the asset is disposed of, the cumulative gain or loss previously accumulated in the cumulative changes in fair value in equity is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue.

4. Investment properties

Investment properties include properties mortgaged to the Insurance Authority of U.A.E. amounting to AED 22.95 million (31 December 2016: AED 22.95 million) in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and organisation of its operations (see note 6).

Management estimates that there has been no change in the fair value of investment properties during the three months period ended 31 March 2017.

Investment properties are classified as Level 3 in the fair value hierarchy as at 31 March 2017 (31 December 2016: Level 3) and are located in U.A.E.

5. Investments in securities

(i) Investments carried at fair value through other comprehensive income (FVTOCI)

	31 March 2017 (unaudited) AED	31 December 2016 (audited) AED
Quoted – at fair value	**141,185,849**	136,124,363
Unquoted – at fair value	**5,533,611**	5,525,972
	146,719,460	141,650,335
In U.A.E.	**116,421,375**	113,613,066
In other GCC countries	**30,298,085**	28,037,269
	146,719,460	141,650,335

Financial assets at FVTOCI with fair value of AED 11.09 million (31 December 2016: AED 11.55 million) are pledged to banks against credit facilities granted to the Company (Note 10).

5. Investments in securities (continued)

(ii) Investments carried at fair value through profit or loss (FVTPL)

	31 March 2017 (unaudited) AED	31 December 2016 (audited) AED
Quoted – in U.A.E.	**38,514,906**	38,766,369

6. Statutory deposit

In accordance with the requirements of Federal Law No. 6 of 2007, on Establishment of Insurance Authority of U.A.E. and Organisation of its operations, the Company maintains a bank deposit of AED 2,500,000 (31 December 2016: AED 2,500,000) as a statutory deposit. In addition to the aforementioned fixed deposit there are investment properties with a fair value amounting to AED 22.95 million (31 December 2016: AED 22.95 million) pledged to Insurance Authority.

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

7. Insurance contract liabilities and reinsurance contract assets

	31 March 2017 (unaudited) AED	31 December 2016 (audited) AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	**68,757,113**	71,820,327
Unallocated loss adjustment exposure reserve	**1,102,277**	2,079,434
Claims incurred but not reported	**21,985,273**	17,137,301
Unearned premium/unexpired risk reserve	**36,012,284**	27,320,371
Total insurance contract liabilities, gross	**127,856,947**	118,357,433
Recoverable from reinsurers		
Re-insurance contract assets		
Claims reported unsettled	**49,740,161**	51,089,533
Claims incurred but not reported	**12,720,863**	7,698,698
Unearned premium/unexpired risk reserve	**15,719,964**	6,238,085
Total reinsurers' share of insurance liabilities	**78,180,988**	65,026,316
Net		
Claims reported unsettled	**19,016,952**	20,730,794
Unallocated loss adjustment exposure reserve	**1,102,277**	2,079,434
Claims incurred but not reported	**9,264,410**	9,438,603
Unearned premium/unexpired risk reserve	**20,292,320**	21,082,286
	49,675,959	53,331,117

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

8. Bank balances and cash

	31 March 2017 (unaudited) AED	31 December 2016 (audited) AED
Fixed deposits under lien	**2,500,000**	2,500,000
Call accounts	**344,854**	288,205
Current accounts and cash	**2,297,611**	2,144,422
	5,142,465	4,932,627
Bank balances are held with:		
Banks in U.A.E.	**4,688,890**	4,279,680
Banks in other G.C.C. countries	**453,575**	652,947
	5,142,465	4,932,627

Fixed deposits are under lien against credit facilities granted to the Company (Note 10).

9. Share capital

	31 March 2017 (unaudited) AED	31 December 2016 (audited) AED
Issued and fully paid 137.5 million ordinary shares of AED 1 each	**137,500,000**	137,500,000

10. Bank overdrafts

The bank overdrafts are secured by lien over fixed deposit of AED 2.5 million (31 December 2016: AED 2.5 million) and pledge over investments designated at FVTOCI having a fair value of AED 11.09 million (31 December 2016: AED 11.55 million).

Notes to the condensed financial statements for the three months period ended 31 March 2017 (continued)

11. Insurance premium

	Three months period ended 31 March 2017 (unaudited) AED	2016 (unaudited) AED
Gross premium written		
Gross premium written	**25,868,763**	28,656,530
Change in unearned premium	**(8,930,161)**	(12,523,259)
	16,938,602	16,133,271
Reinsurance premium ceded		
Reinsurance premium ceded	**(14,278,209)**	(14,317,130)
Change in unearned premium	**9,829,739**	5,317,351
	(4,448,470)	(8,999,779)
Net insurance premium	**12,490,132**	7,133,492

12. Basic earnings/(loss) per share

	Three months period ended 31 March 2017 (unaudited)	2016 (unaudited)
Profit/(loss) for the period (in AED)	**9,643,411**	(6,919,148)
Number of shares	**137,500,000**	137,500,000
Basic earnings/(loss) per share (in AED)	**0.07**	(0.05)

13. Cash and cash equivalents

	31 March 2017 (unaudited) AED	31 March 2016 (unaudited) AED
Bank balances and cash	**5,142,465**	9,259,539
Fixed deposits under lien	**(2,500,000)**	(2,500,000)
	2,642,465	6,759,539

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

14. Seasonality of results

Investment income includes dividend income of AED 420,730 (unaudited) (2016: AED 703,317 (unaudited)) which is of a seasonal nature.

15. Related party transactions

Related parties include the Company's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

15.1 Balances:

At the end of the reporting period, amounts due from/to related parties included under due from policyholders and gross outstanding claims were as follows:

	31 March 2017 (unaudited) AED	31 December 2016 (audited) AED
Due from policyholders	**845,193**	1,364,893
Gross outstanding claims	**293,438**	669,743

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given and no expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

15.2 Transactions:

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

	Three months period ended 31 March	
	2017 (unaudited) AED	2016 (unaudited) AED
Gross premium	**612,508**	700,960
Claims paid	**41,200**	11,600
Rent expenses	**186,250**	186,250

The Company has entered into above transactions with related parties which were made on substantially the same terms, as those prevailing at the same time for comparable transactions with third parties.

15.3 Key management compensation

	Three months period ended 31 March	
	2017 (unaudited) AED	2016 (unaudited) AED
Directors' remuneration	**500,000**	-
Short-term benefits	**135,000**	380,000
Long-term benefits	**5,625**	11,250

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

16. Contingent liabilities and capital commitments

	31 March 2017 (unaudited) AED	31 December 2016 (audited) AED
Letters of guarantee	**131,313**	131,313
Capital commitments towards intangible assets	**1,000,000**	1,000,000

17. Dividends

At the Annual General Meeting held on 27 March 2017, shareholders approved a cash dividend of 7 fils per share amounting to AED 9.63 million for the year 2016 (2016: 5 fils per share amounting to AED 6.88 million for the year 2015). The Shareholders also approved Board of Directors' remuneration of AED 0.5 million for 2016 (2015: Nil).

18. Segment information

The Company is organised into two segments: Underwriting and investments. Underwriting segment is organised into four main business segments, accident and liabilities insurance, fire insurance, marine insurance and other classes of insurance.

These segments are the basis on which the Company reports its primary segment information to the Managing Director.

Insurance premium represents the total income arising from insurance contracts. The Company does not conduct any business outside U.A.E. There are no transactions between the business segments.

Segmental information is presented below:

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

18. Segment information (continued)

For the three months period ended 31 March 2017 (unaudited)

	Underwriting (AED)					Investments	Total
	Accident and liabilities	Fire	Marine	Others	Total	AED	AED
Segment revenue - gross	20,984,306	4,022,843	739,371	122,243	25,868,763	-	25,868,763
Segment result – net	7,683,879	932,345	533,463	205,524	9,355,211	917,160	10,272,371
Unallocated costs							(628,960)
Profit for the period							9,643,411
As at 31 March 2017 (unaudited)							
Segment assets					136,507,855	243,464,366	379,972,221
Unallocated assets							3,663,115
Total assets							383,635,336
Segment liabilities					170,600,269	-	170,600,269
Unallocated liabilities							4,088,568
Total liabilities							174,688,837

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

18. Segment information (continued)

For the three months period ended 31 March 2016 (unaudited)

	Underwriting (AED)					Investments	Total
	Accident and liabilities	Fire	Marine	Others	Total	AED	AED
Segment revenue - gross	22,116,523	5,013,633	1,240,178	286,196	28,656,530	-	28,656,530
Segment result – net	(9,062,516)	(442,204)	1,272,483	92,351	(8,139,886)	1,747,048	(6,392,838)
Unallocated costs							(526,310)
Loss for the period							(6,919,148)
As at 31 December 2016 (audited)							
Segment assets					130,721,312	238,646,704	369,368,016
Unallocated assets							3,174,998
Total assets							372,543,014
Segment liabilities					164,729,899		164,729,899
Unallocated liabilities							4,108,522
Total liabilities							168,838,421

There are no transactions between the business segments.

19. Fair value measurements

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

19.1 Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed financial statements approximate their fair values.

19.2 Fair value of financial instruments carried at fair value

19.2.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2016.

19.2.2 Fair value measurements recognised in the condensed statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the condensed financial statements
for the three months period ended 31 March 2017 (continued)

19. Fair value measurements (continued)

19.2 Fair value of financial items carried at fair value (continued)

19.2.2 Fair value measurements recognised in the condensed statement of financial position (continued)

The Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets	Fair value as at 31 March 2017 (unaudited) AED	31 December 2016 (audited) AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Investment carried at FVTOCI						
Quoted equity securities	**141,185,849**	136,124,363	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted equity securities	**5,533,611**	5,525,972	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/historical financial information.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Investment carried at FVTPL						
Quoted equity securities	**38,514,906**	38,766,369	Level 1	Quoted bid prices in an active market.	None.	NA

There were no transfers between each level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table

20. Approval of the condensed financial statements

The condensed financial statements were approved by the Board of Directors and authorised for issue on 15 May 2017.