AL KHAZNA INSURANCE COMPANY P.S.C.

Reports and interim financial information for the nine months period ended 30 September 2016

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AL KHAZNA INSURANCE COMPANY P.S.C.

Report of the Board of Directors
for the nine months period ended 30 September 2016

The Board of Directors of Al Khazna Insurance Company P.S.C. has the pleasure to present the third quarterly report of 2016 together with the interim financial information for the nine months ended 30 September 2016.

During the period, the Group managed to increase its share in the motor and medical business and underwrite new business, which contributed to increasing the gross written premium for the nine months ended 30 September 2016.

The main highlights of the Group's financial results are summarised as follows:

- Gross premium written increased from AED 120.6 million for the nine months period ended 30 September 2015 to AED 202.9 million for the nine months period ended 30 September 2016.
- The underwriting loss was AED 24.7 million for the nine months period ended 30 September 2016 as compared to AED 4 million for the nine months period ended 30 September 2015.
- The net investment results for the period registered a gain of AED 1.7 million for the nine months period ended 30 September 2016 against a loss of AED 15.7 million for the nine months period ended 30 September 2015.
- The net loss for the nine months period ended 30 September 2016 is AED 44.8 million against net loss of AED 38.1 million for the nine months period ended 30 September 2015.
- The total assets of the Group is AED 959.3 million as at 30 September 2016 against AED 904.1 million as at 31 December 2015.

(14/11/2016)

Director
14 November 2016

Deloitte.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Al Khazna Insurance Company P.S.C.
Abu Dhabi, UAE

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Al Khazna Insurance Company P.S.C. and its subsidiaries ("the Group") as at 30 September 2016 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows and explanatory information for the nine months period then ended (together, the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 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.

Basis for qualified conclusion

As disclosed in Note 5 to the condensed consolidated financial statements, the Group's investments include:

- An investment classified at FVTPL for which trading at the stock exchange has been suspended in September 2014. This investment is measured at its fair value at the date of suspension amounting to AED 44.5 million.
- One unlisted investment classified as available-for-sale (AFS) of AED 14.7 million which is measured based on 2014 financial information due to absent current information.

We were unable to obtain sufficient appropriate audit evidence supporting the fair value of these investments as at 30 September 2016. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Qualified conclusion

Based on our review, except for possible effects of the matters described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information of the Group is not prepared, in all material respects in accordance with IAS 34 *Interim Financial Reporting.*

Deloitte.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION (continued)

Emphasis of matter

We draw attention to the below matter:

- Note 4 to the condensed consolidated financial statements, which disclose that the Group's investment properties include two plots of land with a carrying value of AED 88.0 million whose title was not transferred to the name of the Group, pending the settlement of the last instalment and concluding with the seller on an extension for the development period.

Our qualified conclusion is not further modified in respect of this matter.

Deloitte & Touche (M.E.)

Georges F. Najem
Registration No. 809
14 November 2016

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Condensed consolidated statement of financial position
as at 30 September 2016

	Notes	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED restated
ASSETS			
Property and equipment		**1,683,900**	6,847,823
Investment properties	4	**329,927,000**	334,674,000
Investments in securities:			
- Available-for-sale (AFS) investments	5	**71,637,325**	75,803,618
- Investments designated at fair value through profit or loss (FVTPL)	5	**174,098,358**	187,250,824
Statutory deposit	6	**10,000,000**	10,000,000
Reinsurance share of technical provisions:			
- Unearned premium reserve	7	**26,356,824**	24,022,000
- Claims under settlement reserve	7	**87,068,761**	66,714,000
- Claims incurred but not reported reserve	7	**13,704,540**	8,197,000
Insurance receivables	8	**114,566,330**	116,102,818
Other receivables and prepayments	9	**16,363,081**	19,904,482
Deferred acquisition costs		**10,204,790**	6,452,973
Term deposits		**1,829,807**	1,800,927
Cash and cash equivalents	10	**101,822,509**	46,322,500
Total assets		**959,263,225**	904,092,965

Condensed consolidated statement of financial position (continued)
as at 30 September 2016

	Notes	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED restated
EQUITY AND LIABILITIES			
Equity			
Share capital	11	420,000,000	420,000,000
Share premium		1,788,422	1,788,422
Legal reserve	12	62,145,349	62,145,349
Regulatory reserve	13	-	60,103,225
Fair value reserve		26,591,534	30,757,827
Revaluation reserve	4	11,736,841	11,736,841
Accumulated losses		(221,758,985)	(237,110,644)
Total equity		300,503,161	349,421,020
LIABILITIES			
Provision for end of service benefit		5,671,738	5,126,985
Gross technical provisions:			
- Unearned premium reserve	7	130,465,444	97,600,000
- Claims under settlement reserve	7	120,141,644	89,155,000
- Claims incurred but not reported reserve	7	34,577,304	19,010,000
- Unallocated loss adjustment expense reserve	7	2,839,444	2,543,000
- Unexpired risk reserve	7	7,491,939	13,200,000
Insurance payables	14	65,971,073	57,270,663
Other payables	15	30,361,620	27,994,588
Bank borrowings	16	249,073,924	230,067,673
Re-insurance deposit retained		1,985,614	2,585,489
Unearned reinsurance commission		1,935,020	1,276,378
Accruals and deferred income		8,245,300	8,842,169
Total liabilities		658,760,064	554,671,945
Total equity and liabilities		959,263,225	904,092,965

(14/11/2016)

Director **Managing Director** **Chief Financial Officer**

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

Condensed consolidated statement of profit or loss (unaudited) for the nine months period ended 30 September 2016

	Notes	3 months ended 30 September 2016 AED	3 months ended 30 September 2015 AED restated	9 months ended 30 September 2016 AED	9 months ended 30 September 2015 AED restated
Gross premiums written		**64,602,696**	46,283,517	**202,852,834**	120,608,295
Reinsurance premiums ceded		**(26,362,943)**	(22,223,361)	**(38,349,624)**	(50,888,323)
Net premium		**38,239,753**	24,060,156	**164,503,210**	69,719,972
Change in unearned premium provision		**12,296,380**	(1,497,114)	**(30,530,620)**	(8,891,974)
Net premium earned		**50,536,133**	22,563,042	**133,972,590**	60,827,998
Commission expenses - net		**(2,868,743)**	(746,204)	**(8,685,215)**	(5,737,687)
Commission income		**484,806**	1,369,023	**2,058,167**	4,211,024
Gross underwriting income		**48,152,196**	23,185,861	**127,345,542**	59,301,335
Gross claims paid		**(56,144,803)**	(30,540,242)	**(141,587,636)**	(73,197,912)
Reinsurance share of insurance claims		**13,150,592**	16,348,237	**35,058,356**	28,372,549
Net claims paid		**(42,994,211)**	(14,192,005)	**(106,529,280)**	(44,825,363)
Change in claims under settlement reserve		**(9,000,644)**	3,490,648	**(30,986,644)**	6,048,028
Change in reinsurance share for claims under settlement reserve		**13,024,761**	(14,756,944)	**20,354,761**	(15,081,374)
Change in claims incurred but not reported reserve		**(9,812,304)**	7,273,779	**(15,567,304)**	3,693,869
Change in reinsurance share for claims incurred but not reported reserve		**6,869,540**	(212,117)	**5,507,540**	(27,401)
Change in unallocated loss adjustment expense reserve		**(429,444)**	-	**(296,444)**	-
Change in unexpired risk reserve		**4,573,061**	-	**5,708,061**	-
Net claims incurred		**(37,769,241)**	(18,396,639)	**(121,809,310)**	(50,192,241)
Operating expenses		**(12,129,355)**	677,113	**(30,281,947)**	(13,087,287)
Net underwriting (loss)/ income		**(1,746,400)**	5,466,335	**(24,745,715)**	(3,978,193)
(Loss)/income from investments	17	**(11,209,965)**	5,448,856	**(1,407,614)**	(21,194,328)
Income from investment properties	18	**2,324,296**	2,205,729	**3,090,282**	5,537,636
Operating expenses		**(1,179,895)**	(1,180,052)	**(3,540,160)**	(3,540,317)
Finance costs		**(6,655,253)**	(5,652,776)	**(19,341,265)**	(16,215,868)
Other income		**188,929**	539,860	**1,192,906**	1,247,094
(Loss)/ income for the period attributable to equity holders of the parent company	20	**(18,278,288)**	6,827,952	**(44,751,566)**	(38,143,976)
Basic and diluted (loss)/earning per share	21	**(0.044)**	0.016	**(0.107)**	(0.091)

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

Condensed consolidated statement of comprehensive income (unaudited) for the nine months period ended 30 September 2016

	Note	3 months ended 30 September		9 months ended 30 September	
		2016	2015	**2016**	2015
		AED	AED	**AED**	AED
(Loss)/income for the period		**(18,278,288)**	6,827,952	**(44,751,566)**	(38,143,976)
Other comprehensive (loss)/income:					
Items that will be reclassified subsequently to profit or loss:					
Net fair value loss on AFS investments	5	**(2,860,474)**	1,344,961	**(4,166,293)**	(5,069,772)
Total comprehensive (loss)/income for the period attributable to equity holders of the parent company		**(21,138,762)**	8,172,913	**(48,917,859)**	(43,213,748)

Condensed consolidated statement of changes in equity for the nine months period ended 30 September 2016

	Share capital AED	Share premium AED	Legal reserve AED	Regulatory reserve AED	Fair value and Revaluation reserves AED	Accumulated losses AED	Attributable to equity holders of the Company AED
Balance at 1 January 2015 (audited)	420,000,000	1,788,422	62,145,349	60,103,225	51,222,026	(177,439,767)	417,819,255
Loss for the period	-	-	-	-	-	(38,143,976)	(38,143,976)
Other comprehensive loss	-	-	-	-	(5,069,772)	-	(5,069,772)
Total comprehensive loss for the period	-	-	-	-	(5,069,772)	(38,143,976)	(43,213,748)
Balance at 30 September 2015 (unaudited)	**420,000,000**	**1,788,422**	**62,145,349**	**60,103,225**	**46,152,254**	**(215,583,743)**	**374,605,507**
Balance at 1 January 2016 (audited)	420,000,000	1,788,422	62,145,349	60,103,225	42,494,668	(237,110,644)	349,421,020
Loss for the period	-	-	-	-	-	(44,751,566)	(44,751,566)
Other comprehensive loss	-	-	-	-	(4,166,293)	-	(4,166,293)
Total comprehensive loss	-	-	-	-	(4,166,293)	(44,751,566)	(48,917,859)
Transfer (note 13)	-	-	-	(60,103,225)	-	60,103,225	-
Balance at 30 September 2016 (unaudited)	**420,000,000**	**1,788,422**	**62,145,349**	-	**38,328,375**	**(221,758,985)**	**300,503,161**

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

Condensed consolidated statement of cash flows (unaudited) for the nine months period ended 30 September 2016

	9 months ended 30 September 2016 AED	9 months ended 30 September 2015 AED
Cash flows from operating activities		
Loss for the period	**(44,751,566)**	(38,143,976)
Adjustments for:		
Depreciation of property and equipment	**460,020**	548,800
Net fair value loss on investment properties	**4,747,000**	400,000
Net fair value loss on investments at FVTPL	**13,152,466**	29,747,058
Net income from investment properties	**(7,837,282)**	(5,937,636)
Dividends from investments in securities	**(12,862,673)**	(8,775,041)
Interest income	**(22,990)**	(21,682)
Finance costs	**19,341,265**	16,215,868
Gain on disposal of property, plant and equipment	**(64,000)**	(97,766)
Allowance/(reversal) for doubtful debts, net	**1,332,290**	(7,921,636)
Impairment of capital work in progress	**5,145,916**	-
Provision for employees' end of service benefit	**631,971**	689,984
Cash flow used in operating activities before movement in working capital	**(20,727,583)**	(13,296,027)
Net movement in deferred acquisition costs	**(3,751,817)**	(1,674,557)
Net movement in reinsurance contract assets	**(28,197,125)**	9,436,794
Net movement in insurance contract liabilities	**74,007,775**	4,822,060
Net movement in unearned reinsurance commissions	**658,642**	444,023
Decrease/(increase) in insurance and other receivables	**196,991**	(3,988,829)
Decrease/(increase) in prepayments	**3,541,401**	(228,065)
Increase in insurance and other payables	**10,794,502**	4,803,183
Decrease in reinsurance deposit retained	**(599,875)**	(774,732)
Decrease in deferred income	**(596,869)**	(480,342)
Cash generated from/(used in) operating activities	**35,326,042**	(936,492)
Employees' end of service benefit paid	**(87,218)**	(149,869)
Net cash generated from/(used in) operating activities	**35,238,824**	(1,086,361)
Cash flows from investing activities		
Movement in term deposits with original maturity of greater than three months	**(28,880)**	(26,079)
Payments for acquisition of property and equipment	**(486,013)**	(386,422)
Dividends received	**12,862,673**	8,775,041
Interest income received	**30,197**	27,237
Net income received from investment properties	**7,837,282**	5,937,636
Proceeds from disposal of property and equipment	**108,000**	113,270
Net cash generated from investing activities	**20,323,259**	14,440,683
Cash flows from financing activities		
Repayment of bank loan	**(60,814)**	(60,813)
Dividend paid	**(1,260)**	-
Net cash used in financing activities	**(62,074)**	(60,813)
Net increase in cash and cash equivalents	**55,500,009**	13,293,509
Cash and cash equivalents at beginning of the period	**46,322,500**	30,123,360
Cash and cash equivalents at end of the period (note 22)	**101,822,509**	43,416,869

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

1 General information

Al Khazna Insurance Company P.S.C. ("the Company") is a public shareholding company. The Company and its subsidiaries (together the "Group") are incorporated in the Emirate of Abu Dhabi by virtue of the Emiri Decree No. (4) dated 11 September 1996.

The Company's principal activity is the writing of general insurance and re-insurance business of all classes.

The Company operates through its head office in Abu Dhabi and branch offices in Dubai and Al Ain. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 73343, Abu Dhabi, United Arab Emirates.

The Company's ordinary shares are listed on Abu Dhabi Securities Exchange.

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 consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these condensed financial statements. The application of these revised and new 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 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.
- Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.
- Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.
- Annual improvements to IFRSs 2012 - 2014 cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.
- Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation.
- Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in *Joint Operations.*

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

2.2 Standards and Interpretations in issue but not yet effective

The Group 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
2015 Amendments to the IFRS for SMEs	1 January 2017
Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses	1 January 2017
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.	1 January 2017
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.

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
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.	1 January 2018
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)	1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement**: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment**: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting**: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition**: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
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
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

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable, and adoption of these new standards, interpretations and amendments, except for IFRS 9 (2014), may have no material impact on the consolidated financial statements of the Group in the period of initial application.

Management anticipates that IFRS 9 (2014) will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2018. The adoption of IFRS 9 (2014) may have significant impact on amounts reported and disclosures made in the Group's financial statements in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of this standard until the Group performs a detailed review.

3 Summary of significant accounting policies

3.1 Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "*Interim Financial Reporting*".

3.2 Basis of preparation

The condensed consolidated financial statements are presented in UAE Dirhams (AED) which is the Group's functional and presentation currency.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the measurement at fair value of investment properties and certain financial instruments.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment securities and investment properties have been disclosed in Notes 3.4 to 3.5 below.

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective 1 January 2016.

These condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2015. In addition, results for the nine months ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

Estimates

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

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies, and the key sources of estimates uncertainty were the same as those were applied to the consolidated financial statements as at and for the year ended 31 December 2015.

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and the following entities:

Name of subsidiary	Proportion of ownership 30 September 2016	Proportion of ownership 31 December 2015	Country of incorporation	Principal activities
The Best Tenants LLC ***	**99%**	99%	UAE	To market, promote and deliver property management and advisory services.
Real Estate Academy Est. (Al Akarya Academy) **	**100%**	100%	UAE	To market, promote and delivery management and advisory services in respect of real estate.
Al Khazna Real Estate Est. *	**100%**	100%	UAE	To market, promote and deliver management and advisory services in respect of real estate.
Modern Academy Administrative Training LLC *	**100%**	100%	UAE	To provide business management training.
IT Academy LLC *	**100%**	100%	UAE	To provide business management training.
Real Estate Academy for Training LLC *	**100%**	100%	UAE	To provide business management training.
Academy of Tourism and Holidays LLC *	**100%**	100%	UAE	To provide training in the field of travel, tourism and hotel management.
First Deal Real Estate LLC ***	**100%**	100%	UAE	To manage investments in real estate.
Academy for Investment Est. *	**100%**	100%	UAE	To manage investments in real estate.
Under Writing Electronics Solutions Est. *	**100%**	100%	UAE	Data formatting, computer system and instruments filling services.
Tadawel Electronics Solutions Est. *	**100%**	100%	UAE	Software consultancy, storing and retrieving data.
Tel Fast Recruitment Agencies LLC *	**99%**	99%	UAE	Employment services – recruitment
Tel Fast Manpower Supply LLC *	**99%**	99%	UAE	Labourers supply services.

* These subsidiaries have not yet commenced operations and their trade licenses have expired and not been renewed.

** These subsidiaries have not yet commenced operations and do not have trade licenses.

***These subsidiaries have commenced operations but their trade licenses have expired and not been renewed.

The ownership is held by the Company and its subsidiaries.

3 Summary of significant accounting policies (continued)

3.4 Investments in securities

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

Financial assets are classified as at FVTPL where the financial assets are either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair values of financial assets at fair value through profit or loss are determined by reference to quoted market prices.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 *Revenue* and is included in the 'net investment income' line item in the profit and loss.

3.4.2 Available for sale (AFS) investments

Investments not classified as "FVTPL", loans and receivables, and held-to-maturity investments are classified as AFS investments and are initially measured at trade date value, plus directly attributable transaction costs.

After initial recognition, AFS investments are remeasured at fair value, based on quoted market prices for quoted shares and third party valuations for unquoted shares at the end of reporting period.

Unrealised gains and losses on remeasurement to fair value on AFS investments are recognised directly in equity until the investment is sold, collected or otherwise disposed of, or the investment is determined to be impaired, at which time the cumulative gains or losses previously reported in equity are included in profit or loss.

3 Summary of significant accounting policies (continued)

3.4 Investments in securities (continued)

3.4.2 Available for sale (AFS) investments (continued)

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

3.5 Investment properties

Investment properties comprise completed properties which are held to earn rentals and/or for capital appreciation and properties under development which are properties being constructed or developed for future use as an investment property.

Investment property is measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss in the period in which they arise.

Upon completion of construction or development, a property is transferred from properties under development to completed properties.

4 Investment properties

Investment properties represent the fair value of plots of land with a total value of AED 156.8 million (31 December 2015: AED 160.3 million), and buildings with a fair value of AED 173.1 million (31 December 2015: AED 174.4 million) owned by the Group in Abu Dhabi, Al Ain and Mussaffah, UAE.

The fair value of the investment properties as of 30 June 2016 has been arrived at on the basis of independent valuations carried out by valuers not related to the Group. Management believes that there is no major change in the key assumptions used in the valuations performed as at 30 June 2016 and accordingly, there is no material change in the fair value of the investment properties as at 30 September 2016 compared to 30 June 2016.

The fair values of plots of land were arrived at by reference to market comparable approach, whereas for buildings the fair value was arrived at by combination of market comparable approach and income capitalisation approach. In estimating the fair value of the properties, the highest and best use of the property is considered as their current use. The inputs used in the valuation are not based on observable market data and thus the valuation techniques were considered to be Level 3 valuation.

A building with a carrying value of AED 153.8 million (31 December 2015: AED 153 million) is mortgaged in favour of First Gulf Bank against the bank loan (note 16).

4 Investment properties (continued)

Included within investment property are two plots of land with a carrying value of AED 88.0 million (31 December 2015: AED 89.3 million) whose title was not transferred to the name of the Group, pending the settlement of the last installment and concluding with the seller on an extension for the development period. Also included within investment property is a plot of land valued at AED 9.5 million (31 December 2015: AED 10.8 million) registered in the name of previous directors who assigned full beneficial rights of the plot to the Group.

During the year 2009, a land plot was transferred from property and equipment to investment property. The property carried a revaluation reserve of AED 11.7 million. This reserve was kept under equity as a revaluation surplus. The revaluation surplus will be transferred to retained earnings upon subsequent disposal of the land property.

The property rental income earned by the Group from its investment properties, part of which is leased out under operating leases, and the direct operating expenses arising on the investment properties are as follows:

	9 months ended 30 September	
	2016	2015
	(unaudited)	(unaudited)
	AED	AED
Rental income	**8,829,998**	7,060,796
Direct operating expenses	**(992,716)**	(1,123,160)
Net income from investment properties (note 18)	**7,837,282**	5,937,636

5 Investments in securities

	30 September 2016	31 December 2015
	(unaudited)	(audited)
	AED	AED
AFS investments		
Quoted UAE equity securities	**5,678,367**	5,774,610
Unquoted UAE equity securities	**65,958,958**	70,029,008
	71,637,325	75,803,618
Investments designated at FVTPL		
Quoted UAE securities	**128,637,522**	141,551,236
Unquoted UAE equity securities	**487,500**	487,500
Quoted foreign equity securities	**127,586**	105,888
Unquoted foreign equity securities	**44,845,750**	45,106,200
	174,098,358	187,250,824

5 Investments in securities (continued)

The movement in the investments in securities is as follows:

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
AFS investments		
Fair value at 1 January	**75,803,618**	84,530,976
Decrease in fair value taken to other comprehensive income	**(4,166,293)**	(8,727,358)
Fair value at the end of the reporting period/year	**71,637,325**	75,803,618

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Investments at FVTPL		
Fair value at 1 January	**187,250,824**	215,827,431
Decrease in fair value taken to profit or loss (note 17)	**(13,152,466)**	(28,576,607)
Fair value at the end of the reporting period/year	**174,098,358**	187,250,824

The geographical distribution of investments is as follows:

Within UAE	**200,762,347**	217,842,354
Outside UAE	**44,973,336**	45,212,088
	245,735,683	263,054,442

The Group's investments include:

- An investment classified at FVTPL for which trading at the stock exchange has been suspended in September 2014. This investment is measured in these condensed consolidated financial statements at its fair value at the date of suspension amounting to AED 44.5 million.
- One unlisted investment classified as available-for-sale (AFS) is measured in these condensed consolidated financial statements at AED 14.7 million by reference to a fair valuation that is based on 2014 financial information due to the lack of recent financial information.

6 Statutory deposit

In accordance with the requirements of UAE Federal Law No.6/2007 covering insurance companies and agencies, the Company maintains a bank deposit of AED 10,000,000 (31 December 2015: AED 10,000,000) which cannot be utilised without the consent of the UAE Insurance Authority.

7 Insurance contract liabilities and re-insurance contract assets

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Insurance liabilities – gross		
- Claims under settlement reserve	**120,141,644**	89,155,000
- Claims incurred but not reported reserve	**34,577,304**	19,010,000
- Unearned premiums reserve	**130,465,444**	97,600,000
- Unallocated loss adjustment expense reserve	**2,839,444**	2,543,000
- Unexpired risk reserve	**7,491,939**	13,200,000
	295,515,775	221,508,000
Recoverable from re-insurers		
- Claims under settlement reserve	**87,068,761**	66,714,000
- Claims incurred but not reported reserve	**13,704,540**	8,197,000
- Unearned premiums reserve	**26,356,824**	24,022,000
	127,130,125	98,933,000
Insurance liabilities - net		
- Claims under settlement reserve	**33,072,883**	22,441,000
- Claims incurred but not reported reserve	**20,872,764**	10,813,000
- Unearned premiums reserve	**104,108,620**	73,578,000
- Unallocated loss adjustment expense reserve	**2,839,444**	2,543,000
- Unexpired risk reserve	**7,491,939**	13,200,000
	168,385,650	122,575,000

8 Insurance receivables

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Due from policy holders	**73,314,050**	79,070,181
Due from agents, brokers and intermediaries	**34,371,201**	37,447,005
Due from insurance companies	**24,790,094**	16,162,357
Less: provision for impairment of receivables	**(17,909,015)**	(16,576,725)
	114,566,330	116,102,818

Due from policy holders include an amount of AED 1.475 million receivable (31 December 2015: AED 3.3 million) from related parties (note 19).

The movement in allowance for impairment of receivables in respect of receivables is as follows:

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
At the beginning of the period/year	**16,576,725**	25,234,317
Provision for the period/year	**1,741,173**	284,096
Release of provision	**(408,883)**	(8,941,688)
At the end of the period/year	**17,909,015**	16,576,725

9 Other receivables and prepayments

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Deposits and other receivables	**15,156,040**	16,002,687
Less: provision for impairment of other receivables	**(8,138,452)**	(8,138,452)
	7,017,588	7,864,235
Prepayments	**3,681,162**	5,709,730
Rent receivables	**5,664,331**	6,330,517
	16,363,081	19,904,482

9 Other receivables and prepayments (continued)

Deposits and other receivables include an amount of AED 2.039 million (31 December 2015: AED 3.1 million) relating to security deposit for tender bonds.

Prepayments include prepaid rent amounting to AED 1.8 million (31 December 2015: 4.7 million) which represents a 5-year lease agreement that commenced on 19 November 2011 for a five-storey building in Dubai World Center which management intends to use for a university project.

The Group signed a Memorandum of Understanding (MoU) with Abu Dhabi Holding, a related party, on 27 March 2013. As per the MoU, both parties agreed to enter into a partnership to establish and operate a University, whereby the Group contribution would be providing the leased premises to the partnership for which the prepaid rent of AED 1.18 million is outstanding as at 30 September 2016 (31 December 2015: AED 4.7 million). The partnership has not been established as at 30 September 2016 and is subject to obtaining regulatory approvals and finalisation of legal documentation.

10 Cash and bank balances

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Balances held at UAE banks	**100,129,195**	44,629,331
Balances held at foreign banks abroad	**1,496,277**	1,514,844
Cash on hand	**197,037**	178,325
	101,822,509	46,322,500

11 Share capital

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Authorised:		
420,000,000 shares of AED 1 each	**420,000,000**	420,000,000
Allotted, issued and fully paid:		
420,000,000 shares of AED 1 each	**420,000,000**	420,000,000

12 Legal reserve

In accordance with the UAE Federal Law number (2) of 2015 concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2016 (continued)

13 Regulatory reserve

In accordance with Article 57 of the Company's Articles of Association, 10% of the Company's annual profit is transferred to the regulatory reserve. This reserve may be used for such purposes as the Directors deem fit.

During the period, the Board of Directors of the Company resolved to transfer the regulatory reserve to reduce the accumulated losses. The Shareholders approved this transfer in their meeting held on 21 April 2016.

14 Insurance payables

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Due to insurance companies	**12,238,382**	13,851,368
Other insurance payables	**53,732,691**	43,419,295
	65,971,073	57,270,663

15 Other payables

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Dividends payable	**18,043,823**	18,045,083
Accruals and other payables	**12,317,797**	9,949,505
	30,361,620	27,994,588

16 Bank borrowings

	Current AED	Non-current AED	Total AED
As at 30 September 2016 (unaudited)			
Term loan 1	**10,973,868**	**-**	**10,973,868**
Term loan 2	**81,084**	**94,592**	**175,676**
Bank overdrafts	**237,924,380**	**-**	**237,924,380**
	248,979,332	**94,592**	**249,073,924**
As at 31 December 2015 (audited)			
Term loan 1	25,644,245	-	25,644,245
Term loan 2	81,084	155,405	236,489
Bank overdrafts	204,186,939	-	204,186,939
	229,912,268	155,405	230,067,673

Term loan 1 is from First Gulf Bank and is repayable in semi-annual installments of AED 15.7 million each up to 2017. The loan carries interests at a rate of 6 month EIBOR + 1.50%. The Group has provided First Gulf Bank with a primary mortgage over AKIC Tower, classified under the investment properties, fair valued at AED 153.8 million (31 December 2015: AED 153 million).

Beginning 2009, the bank changed the interest rates on the bank loan and charged the Group interest rate greater than what was stipulated in the loan agreement. As per the agreement, changes in interest rate need to be mutually agreed by both parties through a written confirmation. The Group did not acknowledge any change in interest rate and requested the justification from the bank for the change in interest rate.

The bank has opened a bank overdraft facility in the name of the Group for the repayment of the eleven due installments on which the group defaulted from 2011 to 30 September 2016. The outstanding overdraft balance as at 30 September 2016 amounted to AED 253.6 million (31 December 2015: AED 204.2 million). The bank charged an interest at a rate of 10% on this overdraft facility.

Management believes that the 10% interest charged on the overdraft facility is excessive and the Company would not be eligible for more than 3% interest over the overdraft facility as a penalty for the due payments as per the original agreement.

The excess interest charged to date on the loan and the overdraft facility is approximately AED 19.4 million (31 December 2015: AED 19.9 million). This has not been recorded by the Group as a finance cost.

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2016 (continued)

16 Bank borrowings (continued)

Subsequent to the period end, the Group finalised the agreement with the Bank to restructure the loan to a total amount of AED 267.1 million (plus a forgiven amount of AED 39.4 million, which is subject to terms and conditions) as full and final settlement . The terms of the new loan are as follows:

- Interest rate: 3 months EIBOR + 1.5% per annum (subject to minimum rate of 4.75% per annum);
- Down payment of AED 22.760 million;
- 1st year payment: AED 20 million (semi-annual payments of AED 10 million);
- 2nd year till 5th year: AED 120 million (semi – annual payments of AED 15 million); and
- 6th year: AED 64.94 million (semi – annual payments of AED 32.47 million).

Term loan 2 is from a local bank and is repayable in monthly installments of AED 6,757 each up to November 2018. The loan carries interest at a rate of 5% per annum.

17 (Loss(/income from investments

	3 months ended 30 September (unaudited)		9 months ended 30 September (unaudited)	
	2016	2015	**2016**	2015
	AED	AED	**AED**	AED
Interest on term deposits	**7,669**	7,679	**22,990**	21,682
Net fair value (loss)/gain on investments at FVTPL	**(11,158,048)**	4,639,780	**(13,152,468)**	(29,747,058)
Dividends from investments in securities	**502,254**	633,992	**12,862,673**	8,775,041
Other investment (loss)/gains – net	**(561,840)**	167,405	**(1,140,809)**	(243,993)
	(11,209,965)	5,448,856	**(1,407,614)**	(21,194,328)

18 Income from investment properties

	3 months ended 30 September (unaudited)		9 months ended 30 September (unaudited)	
	2016	2015	**2016**	2015
	AED	AED	**AED**	AED
Net income from investment properties	**2,324,296**	2,205,729	**7,837,282**	5,937,636
Net fair value loss on investment properties	**-**	-	**(4,747,000)**	(400,000)
	2,324,296	2,205,729	**3,090,282**	5,537,636

19 Related parties

Related parties comprise the major Shareholders, the Directors and key management personnel of the Group and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The Group maintains significant balances with these related parties which arise from commercial transactions as follows:

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Due from policyholders (note 8)	**1,475,787**	3,340,021
Other receivables	**1,255,004**	3,572,166
Due to policyholders	**1,236,893**	40,700

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

	3 months ended 30 September (unaudited)		**9 months ended 30 September (unaudited)**	
	2016 AED	2015 AED	**2016 AED**	2015 AED
Net premiums written	**280,995**	1,577,826	**6,322,034**	22,810,663
Claims paid	**6,331,510**	3,774,764	**6,474,208**	6,070,712
Remuneration of key management personnel	**1,820,279**	1,803,962	5,917,177	5,470,014

The remuneration of key management personnel is based on the remuneration agreed in their employment contract as approved by the Board of Directors.

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2016 (continued)

20 Loss for the period

Loss for the period is arrived after charging the following:

	3 months ended 30 September (unaudited)		9 months ended 30 September (unaudited)	
	2016 AED	2015 AED	**2016 AED**	2015 AED
Staff costs	**5,189,156**	4,927,380	**17,174,582**	16,226,970
Depreciation on property and equipment	**126,900**	173,545	**460,020**	548,800
Impairment of capital work in progress	**5,145,916**	-	**5,145,916**	-

During the period, the Group fully impaired the capital work in progress balance due to non-recoverability of the balance from the developper.

21 Basic and diluted (loss)/earnings per share

(Loss)/earnings per share is calculated by dividing the (loss)/earnings for the period over the weighted average number of ordinary shares outstanding during the period as follows:

	3 months ended 30 September		9 months ended 30 September	
	2016 (unaudited)	2015 (unaudited)	**2016 (unaudited)**	2015 (unaudited)
(Loss)/profit for the period (AED)	**(18,278,288)**	6,827,952	**(44,751,566)**	(38,143,976)
Weighted number of ordinary shares in issue throughout the period	**420,000,000**	420,000,000	**420,000,000**	420,000,000
Basic and diluted (loss)/earnings per share (AED)	**(0.044)**	0.016	**(0.107)**	(0.091)

As of 30 September 2016 and 2015, the Group has not issued any instruments that have an impact on (loss)/earnings per share when exercised and accordingly diluted (loss)/earnings per share are the same as basic (loss)/earnings per share.

22 Cash and cash equivalents

	30 September 2016 (unaudited) AED	30 September 2015 (unaudited) AED
Term deposits	**1,829,807**	1,800,927
Bank balances and cash	**101,822,509**	43,416,869
Less: Term deposits with original maturity of greater than three months	**(1,829,807)**	(1,800,927)
Cash and cash equivalents	**101,822,509**	43,416,869

23 Seasonality of results

No income of seasonal nature was recorded in the statement of profit or loss for the nine months period ended 30 September 2016 and 2015.

24 Contingent liabilities and commitments

At 30 September 2016, the Group had contingent liabilities in respect of outstanding letters of guarantee issued in the normal course of business, amounting to AED Nil (31 December 2015: AED 0.3 million).

The Group also has a commitment to pay AED 9.2 million (31 December 2015: AED 9.2 million) for a flat in a property under development in Dubai.

25 Segment information

For operating purposes, the Group is organised into two main business segments:

- Underwriting of general insurance business - incorporating all classes of general insurance such as; fire, marine, motor, general accident and miscellaneous.
- Investments - Incorporating investments in marketable equity securities, term deposits with banks and investment properties and other securities.

25 Segment information (continued)

Primary segment information - business segment

The following is an analysis of the Group's revenue and results by operating segment:

	30 September (unaudited)					
	Underwriting		Investments		Total	
	2016 AED	2015 AED	**2016 AED**	2015 AED	**2016 AED**	2015 AED
Segment revenue	**204,911,001**	124,819,319	**1,682,668**	(15,656,692)	**206,593,669**	109,162,627
Segment result	**(24,745,715)**	(3,978,193)	**(1,857,492)**	(19,197,009)	**(26,603,207)**	(23,175,202)
Unallocated expenses					**(18,148,359)**	(14,968,774)
Loss for the period					**(44,751,566)**	(38,143,976)

The following is an analysis of the Group's assets and liabilities by operating segment:

	Underwriting		Investments		Total	
	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED	**30 September 2016 (unaudited) AED**	31 December 2015 (audited) AED	**30 September 2016 (unaudited) AED**	31 December 2015 (audited) AED
Segment assets	**279,948,226**	248,241,096	**577,492,490**	609,529,369	**857,440,716**	857,770,465
Unallocated assets					**101,822,509**	46,322,500
Total assets					**959,263,225**	904,092,965
Segment liabilities	**383,397,017**	297,717,020	**257,319,225**	238,909,842	**640,716,242**	536,626,862
Unallocated liabilities					**18,043,822**	18,045,083
Total liabilities					**658,760,064**	554,671,945

There were no transactions between the business segments during the period.

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2016 (continued)

25 Segment information (continued)

Secondary segment information - revenue from underwriting departments

The following is an analysis of the Group's revenues (gross written premiums and commission income) classified by major underwriting departments.

	9 months period ended 30 September	
	2016	2015
	(unaudited)	(unaudited)
	AED	AED
Employee Benefits, Medical and Personal Assurance	**87,924,924**	41,311,456
Motor	**84,550,491**	32,253,281
Marine and Aviation	**990,539**	19,553,615
Fire and General Accidents	**27,450,609**	26,491,656
Engineering	**3,994,438**	5,209,311
	204,911,001	124,819,319

26 Fair value of financial instruments

While the Group prepares its consolidated statements under the historical cost convention modified for measurement to fair value of investments carried at fair value and investment properties, in the opinion of management, the estimated carrying values and fair values of financial assets and liabilities, that are not carried at fair value in the consolidated financial statements are not materially different, since assets and liabilities are either short term in nature or in the case of deposits, frequently repriced.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the condensed consolidated financial statements
for the nine months period ended 30 September 2016 (continued)

26 Fair value of financial instruments (continued)

30 September 2016 (unaudited)	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
ASSETS MEASURED AT FAIR VALUE				
At fair value through profit or loss				
Quoted equity securities	**128,765,108**	**-**	**-**	**128,765,108**
Unquoted equity securities	**-**	**-**	**45,333,250**	**45,333,250**
	128,765,108	**-**	**45,333,250**	**174,098,358**
AFS investments				
Quoted equity securities	**5,678,367**	**-**	**-**	**5,678,367**
Unquoted equity securities	**-**	**9,202,958**	**56,756,000**	**65,958,958**
	5,678,367	**9,202,958**	**56,756,000**	**71,637,325**

31 December 2015 (audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
ASSETS MEASURED AT FAIR VALUE				
At fair value through profit or loss				
Quoted equity securities	141,657,124	-	-	141,657,124
Unquoted equity securities	-	-	45,593,700	45,593,700
	141,657,124	-	45,593,700	187,250,824
AFS investments				
Quoted equity securities	5,774,610	-	-	5,774,610
Unquoted equity securities	-	9,936,509	60,092,499	70,029,008
	5,774,610	9,936,509	60,092,499	75,803,618

During the period, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements (31 December 2015: none).

26 Fair value of financial instruments (continued)

The following table shows a reconciliation of all movements in the fair value of financial assets categorised within Level 3 between the beginning and the end of the period:

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Opening balance	**105,686,199**	68,964,789
Transfer into level 3	**-**	44,776,200
Net change in fair value	**(3,596,950)**	(8,054,790)
Closing balance	**102,089,249**	105,686,199

27 Comparative figures

Certain reclassifications have been made to the comparative figures as of 31 December 2015 and the nine months ended 30 September 2015 to comply with the current period classification, in adherence with the disclosure requirements of Appendix (1) of Section 7 of the Insurance Authority Board Decision Number (25) of 2014 Pertinent to Financial Regulations for Insurance Companies. These reclassifications did not have any impact on profit, earning per share or retained earnings of the prior period. The main reclassifications were:

Condensed consolidated statement of financial position:

a) *reinsurance share of unearned premium reserve, reinsurance share of claims under settlement reserve*, and *reinsurance share of claims incurred but not recorded reserve*, previously aggregated under *reinsurance contract assets* are now disclosed in separate lines in the condensed consolidated statement of financial position.

b) *insurance receivables* and *other receivables and prepayments* previously aggregated under *insurance and other receivables* are now disclosed in separate lines in the condensed consolidated statement of financial position.

c) *unearned premium reserve, claims under settlement reserve, claims incurred but not recorded reserve, unallocated loss adjustment expense reserve*, and *unexpired risk reserve*, previously aggregated under *insurance contract liabilities* are now disclosed in separate lines in the condensed consolidated statement of financial position.

d) *insurance payables* and *other payables*, previously aggregated under *insurance and other payables* are now disclosed in separate lines in the condensed consolidated statement of financial position.

Condensed consolidated statement of profit or loss:

e) the presentation of net claims incurred was changed to show the *gross claims paid, reinsurance share of insurance claims, change in claims under settlement reserve, change in reinsurance share for claims under settlement reserve, and change in reinsurance share for claims incurred but not reported reserve.*

f) *income from investments, and income from investment properties*, previously clubbed together under *net investment income* are now shown in separate lines in the condensed consolidated statement of profit or loss.

27 Comparative figures (continued)

		As previously reported AED	Reclassifications AED	As reclassified AED
Condensed consolidated statement of financial position as at 31 December 2015				
Re-insurance contract assets	(a)	98,933,000	(98,933,000)	-
Reinsurers' share of technical provisions:				
- Unearned premium reserve	(a)	-	24,022,000	24,022,000
- Claims under settlement reserve	(a)	-	66,714,000	66,714,000
- Claims incurred but not reported reserve	(a)	-	8,197,000	8,197,000
Insurance and other receivables	(b)	136,007,300	(136,007,300)	-
Insurance receivables	(b)	-	116,102,818	116,102,818
Other receivables and prepayments	(b)	-	19,904,482	19,904,482
Insurance contract liabilities		221,508,000	(221,508,000)	-
Gross technical provisions:				
- Unearned premium reserve	(c)	-	97,600,000	97,600,000
- Claims under settlement reserve	(c)	-	89,155,000	89,155,000
- Claims incurred but not reported reserve	(c)	-	19,010,000	19,010,000
- Unallocated loss adjustment expense reserve	(c)	-	2,543,000	2,543,000
- Unexpired risk reserve	(c)	-	13,200,000	13,200,000
Insurance and other payables	(d)	85,265,251	(85,265,251)	-
Insurance payables	(d)	-	57,270,663	57,270,663
Other payables	(d)	-	27,994,588	27,994,588
Condensed consolidated statement of profit or loss for the year ended 30 September 2015				
Gross claims incurred	(e)	(63,456,015)	63,456,015	-
Reinsurance share of claims incurred	(e)	13,263,774	(13,263,774)	-
Gross claims paid	(e)	-	(73,197,912)	(73,197,912)
Reinsurance share of insurance claims	(e)	-	28,372,549	28,372,549
Change in claims under settlement reserve	(e)	-	6,048,028	6,048,028
Change in reinsurance share for claims under settlement reserve	(e)	-	(15,081,374)	(15,081,374)
Change in claims incurred but not reported reserve	(e)	-	3,693,869	3,693,869
Change in reinsurance share for claims incurred but not reported reserve	(e)	-	(27,401)	(27,401)
Net investment income	(f)	(15,656,692)	15,656,692	-
Income from investments	(f)	-	(21,194,328)	(21,194,328)
Income from investment properties	(f)	-	5,537,636	5,537,636

28 Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 14 November 2016.