

**Report of the Board of Directors
for the nine months period ended 30 September 2017**

The Board of Directors of Al Khazna Insurance Company P.S.C. is pleased to submit its third quarter report of 2017 together with the interim financial information for the nine-month period ended 30 September 2017.

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

- Gross Premium written decreased from AED 202.9 million for the nine months period ended 30 September 2016 to AED 89.6 million for the nine months period ended 30 September 2017.
- The underwriting loss is AED 57.3 million for the nine months period ended 30 September 2017 as compared to AED 24.7 million for the nine months period ended 30 September 2016.
- The net investment results for the period registered a loss of AED 43.9 million for the nine months period ended 30 September 2017 against gain of AED 1.7 million for the nine months period ended 30 September 2016.
- The loss for the nine months' period ended 30 September 2017 is AED 106.1 million against net loss of AED 44.8 million for the nine months period ended 30 September 2016.
- The total assets of the Group were AED 708.5 million as at 30 September 2017 against AED 871.0 million as at 31 December 2016.
- The total capital and reserves attributable to the Company's equity holders is AED 149.3 million as at 30 September 2017 against AED 260.9 million as at 31 December 2016.
- Note 3.3 to the condensed consolidated financial statements disclose that the Group is facing significant challenges in terms of meeting its operating and financing cash flows requirements in the foreseeable future, which indicate the existence of material uncertainty that may cast a significant doubt on the Group's ability to continue as going concern. Note 3.3 also discloses mitigating measures planned by Management and Board, based on which, we believe the Group will overcome these challenges and continue in operational existence for the foreseeable future. Accordingly, these condensed consolidated financial statements are prepared adopting the going concern basis of accounting.



Director

10 January 2018