

Al-Sagr National Insurance Company (PSC)

Condensed interim financial statements (Unaudited)

For the period ended 31 March 2019

**Review report of the Independent Auditor
To the Shareholders of Al-Sagr National Insurance Company (PSC)**

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al-Sagr National Insurance Company (PSC) (the “Company”) as of 31 March 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three month period then ended. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of 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.

Other matter

The financial statements for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2019.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.


Grant Thornton
Farouk Mohamed



**Registration No: 86
Dubai, 14 May 2019.**

Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Condensed interim statement of financial position
As at 31 March 2019

	Notes	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED
ASSETS			
Property and equipment		14,043,125	5,929,106
Investment in associates	4	160,630,966	163,892,043
Investment in financial assets at FVTPL	5	38,944,013	39,627,729
Investment properties	6	186,313,556	180,748,509
Insurance receivables		153,068,451	131,302,311
Reinsurer share of outstanding claims		41,557,627	46,570,210
Reinsurer share of incurred but not reported claims		16,429,000	15,561,000
Reinsurer share of unearned premium reserve		58,719,000	52,896,000
Due from related parties	10	99,054,494	98,907,512
Other receivables and prepayments		23,046,267	21,871,889
Cash and bank balances	7	213,234,588	213,704,881
TOTAL ASSETS		1,005,041,087	971,011,190
EQUITY AND LIABILITIES			
Equity			
Share capital	8	230,000,000	230,000,000
Statutory reserve	9	69,430,174	69,430,174
General reserve	9	100,000,000	100,000,000
Retained earnings		59,571,611	53,321,364
Total equity		459,001,785	452,751,538
Liabilities			
Due to related parties	10	78,590	78,590
Provision for employees' end of service indemnity		14,468,074	14,482,188
Bank borrowings	7	97,351,773	108,069,434
Insurance and other payables		116,630,594	100,353,285
Lease liability	3	8,233,217	-
Outstanding claims reserve		66,118,054	70,440,155
Incurred but not reported claims reserve		51,255,000	49,443,000
Unearned premium reserve		186,280,000	172,409,000
Unexpired risk reserve		1,804,000	630,000
Unallocated loss adjustment expense reserve		3,820,000	2,354,000
Total liabilities		546,039,302	518,259,652
TOTAL EQUITY AND LIABILITIES		1,005,041,087	971,011,190

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Directors on 14 May 2019.


Majid Abdulla Al Sari
 Chairman


Abdel Muhsen Jaber
 General Manager

The notes from 1 to 15 form an integral part of these condensed interim financial statements.

Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Condensed interim income statement
For the period ended 31 March 2019

	Notes	(Unaudited) Three months period ended 31 March 2019 AED	(Unaudited) Three months period ended 31 March 2018 AED
UNDERWRITING INCOME			
Gross premium		103,789,333	106,886,252
Less: reinsurance share of gross premium		(34,572,458)	(50,007,004)
Less: reinsurance share of ceded business premium		(1,235,442)	-
Net retained premium		67,981,433	56,879,248
Net change in unearned premium reserve		(8,048,000)	(8,465,000)
Net insurance premium		59,933,433	48,414,248
Commission earned		16,044,248	19,823,444
Commission incurred		(10,893,300)	(9,209,241)
Gross underwriting income		65,084,381	59,028,451
UNDERWRITING EXPENSES			
Gross claims paid		(64,403,245)	(90,026,763)
Insurance claims recovered from reinsurers		24,523,487	49,284,439
Net claims paid		(39,879,758)	(40,742,324)
Decrease in provision for outstanding claims		4,322,101	29,572,223
Decrease in reinsurer share of outstanding claims		(5,012,583)	(27,970,787)
Increase in unexpired risk reserve		(1,174,000)	(13,000)
(Increase)/decrease in incurred but not reported claims reserve		(944,000)	385,000
Increase in unallocated loss adjustment expense reserve		(1,466,000)	(314,000)
Net claims incurred		(44,154,240)	(39,082,888)
UNDERWRITING INCOME		20,930,141	19,945,563
INVESTMENT INCOME			
Net investments loss		(1,613,411)	(2,309,395)
Share of (losses)/profits from equity accounted investees		(3,261,077)	1,272,681
General and administrative expenses		(9,633,561)	(9,030,513)
PROFIT FOR THE PERIOD		6,422,092	9,878,336
Basic and diluted earnings per share (AED)	11	0.03	0.04

The notes from 1 to 15 form an integral part of these condensed interim financial statements.

Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Condensed interim statement of comprehensive income
For the period ended 31 March 2019

	Notes	(Unaudited) Three months period ended 31 March 2019 AED	(Unaudited) Three months period ended 31 March 2018 AED
Profit for the period		6,422,092	9,878,336
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,422,092	9,878,336

The notes from 1 to 15 form an integral part of these condensed interim financial statements.

Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Condensed interim statement of changes in equity
For the period ended 31 March 2019

	Share capital AED	Statutory reserve AED	General reserve AED	Retained earnings AED	Total equity AED
Balance at 1 January 2019 (Audited)	230,000,000	69,430,174	100,000,000	53,321,364	452,751,538
Impact of adopting IFRS 16 (note 3)	-	-	-	(171,845)	(171,845)
As at 1 January 2019 (Unaudited)	230,000,000	69,430,174	100,000,000	53,149,519	452,579,693
Profit for the period	-	-	-	6,422,092	6,422,092
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	6,422,092	6,422,092
Balance at 31 March 2019 (Unaudited)	230,000,000	69,430,174	100,000,000	59,571,611	459,001,785
Balance at 1 January 2018 (Audited)	230,000,000	67,257,868	100,000,000	57,863,417	455,121,285
Impact of adopting IFRS 9	-	-	-	(10,592,810)	(10,592,810)
As at 1 January 2018 (Unaudited)	230,000,000	67,257,868	100,000,000	47,270,607	444,528,475
Profit for the period	-	-	-	9,878,336	9,878,336
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	9,878,336	9,878,336
Balance at 31 March 2018 (Unaudited)	230,000,000	67,257,868	100,000,000	57,148,943	454,406,811

The notes from 1 to 15 form an integral part of these condensed interim financial statements.

Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Condensed interim statement of cash flows
For the period ended 31 March 2019

	Notes	(Unaudited) Three months period ended 31 March 2019 AED	(Unaudited) Three months period ended 31 March 2018 AED
OPERATING ACTIVITIES			
Profit for the period		6,422,092	9,878,336
<i>Adjustment for:</i>			
Depreciation		852,744	292,044
Net unrealised loss from investments in financial assets at FVTPL	5	245,895	1,587,086
Gain on disposal of investments in financial assets at FVTPL		(83,442)	-
Interest income		(1,809,835)	(1,600,702)
Dividend income	5	(211,234)	(541,885)
Share of loss/(profit) from equity accounted investees	4	3,261,077	(1,272,681)
Provision for employees' end of service benefits		275,880	315,000
Finance costs		1,053,808	1,145,893
Interest on lease liability	3	89,995	-
		10,096,980	9,803,091
<i>Changes in operating assets and liabilities:</i>			
Insurance receivables		(21,766,140)	(21,605,210)
Reinsurer share of outstanding claims		5,012,583	27,970,787
Reinsurer share of incurred but not reported claims		(868,000)	(1,854,000)
Reinsurer share of unearned premium reserve		(5,823,000)	(13,603,000)
Due from related parties		(146,982)	(1,243,436)
Other receivables and prepayments		(1,586,477)	(225,867)
Due to related parties		-	(13,210)
Insurance and other payables		16,277,309	(10,719,136)
Outstanding claims reserve		(4,322,101)	(29,572,223)
Incurred but not reported claims reserve		1,812,000	1,469,000
Unearned premium reserve		13,871,000	22,068,000
Unexpired risk reserve		1,174,000	13,000
Unallocated loss adjustment expense reserve		1,466,000	314,000
		15,197,172	(17,198,204)
Employees' end of service benefits paid		(289,994)	(163,700)
Net cash generated from/(used in) operating activities		14,907,178	(17,361,904)
INVESTING ACTIVITIES			
Purchase of property and equipment		(82,283)	(353,819)
Addition in investment properties; net	6	(5,565,047)	(813,259)
Net proceeds from sale of investment in financial assets at FVTPL		521,263	1,483,832
Dividends received	5	211,234	541,885
Interest received		1,809,835	1,600,702
Net cash (used in)/generated from investing activities		(3,104,998)	2,459,341
FINANCING ACTIVITIES			
Interest paid		(1,053,808)	(1,145,893)
Payment of lease liability	3	(501,004)	-
Net cash used in financing activities		(1,554,812)	(1,145,893)
Net change in cash and cash equivalents		10,247,368	(16,048,456)
Cash and cash equivalents, beginning of period		105,635,447	113,792,885
Cash and cash equivalents, end of period	7	115,882,815	97,744,429

The notes from 1 to 15 form an integral part of these condensed interim financial statements.

Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2019

1 Legal status and activities

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

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

2 Basis of preparation

The condensed interim financial statements are for the three months period ended 31 March 2019 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

3 Significant accounting policies

These condensed interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2018.

Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual financial statements for the year ended 31 December 2018, are applicable on the Company but do not have any material impact on these condensed interim financial statements except for those mentioned below.

Standards, interpretations and amendments to existing standards – Impact of new IFRS

The Company has adopted IFRS 16 – Leases on its effective date of 1 January 2019 using the retrospective approach. IFRS 16 replaces IAS 17 'Leases'. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability.

Subsequent to implementation of IFRS 16, the Company recognises a right-to-use asset and a lease liability at the lease commencement date. The right-to-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus as initial direct costs incurred. The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use or the end of the lease term. The estimated useful life of the right-to-use asset is determined on the same basis as those of property and equipment. In addition, the right-to-use is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the profit or loss if the carrying amount of the right-to-use asset has been reduced to zero.

Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2019

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

The Company presents right-to-use assets that do not meet the definition of investment property in 'Property and equipment' and the lease liabilities as a separate item in the statement of financial position.

The Company has adopted IFRS 16 using the modified retrospective transition approach as of 1 January 2019 and therefore the comparative information has not been restated. All right-of-use assets were measured at their carrying amounts as if the standard had been applied since the commencement date but discounted using the lessee's incremental borrowing rate at the date of initial application. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The impact arising from the implementation of this standard in these financial statements is as follows:

	(Unaudited)
	31 March 2019
	AED
Property and equipment	
Property and equipment	5,634,599
Right of use – land and building	8,408,526
	<u>14,043,125</u>
Right-of-use asset	
Balance as at 1 January 2019 (Unaudited)	8,884,480
Depreciation charge for the period	(475,954)
Balance as at 31 March 2019 (Unaudited)	<u>8,408,526</u>
Lease liability	
Balance as at 1 January 2019 (Unaudited)	8,644,226
Lease payments made during the quarter	(501,004)
Interest on lease liability	89,995
Balance as at 31 March 2019 (Unaudited)	<u>8,233,217</u>
	(Unaudited)
	Three months
	period ended
	31 March 2019
	AED
Amounts recognised in the income statement	
General and administrative expenses	
Interest expense on lease liability	89,995
Depreciation of right-to-use asset	475,954
	<u>565,949</u>
	31 December
	2018
	AED
Impact on opening retained earnings	
Right-to-use assets	8,884,480
Lease liability	(8,644,226)
Reversal of prepayment	(412,099)
	<u>(171,845)</u>

Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2019

3 Significant accounting policies (continued)

Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may substantially be different.

Outstanding claims and technical provisions

The estimation of the ultimate liability (both technical and outstanding) arising from claims made under insurance contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

Classification of investment property

The fair value of investment property was determined by external, independent property values, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio annually.

Impairment losses on insurance receivables

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. The Company considers a financial asset to be in default when:

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

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

4 Investment in associates

	(Unaudited)	(Audited)
	31 March 2019	31 December 2018
	AED	AED
Green Air Technology L.L.C., UAE	16,716	16,716
Sogour Al Khaleej General Trading L.L.C., UAE	150,000	150,000
Al Sagr Cooperative Insurance Company	160,464,250	163,725,327
	160,630,966	163,892,043

The Company holds 50% ownership in Green Air Technology L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The remaining 50% ownership is owned equally by the Parent Company and the CEO of the Company.

The Company holds 50% ownership in Sogour Al Khaleej General Trading L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The main activity of the Company is general trading. The remaining 50% ownership is owned by the Parent Company.

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

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4 Investment in associates (continued)

As at 31 March 2019, the Company hold 26% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). Out of the 26% shares, the Company holds 6% shares for the beneficial interest of other individuals. The Company accounts for the 20% holding as an investment in associate as the Company has significant influence over Al Sagr Cooperative under the equity method as follows:

	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED
Balance at the beginning	163,725,327	165,579,677
Company's share of net (losses)/profits for the period / year	(3,261,077)	1,820,650
Dividend received during the period / year	-	(3,675,000)
Balance at the end	<u>160,464,250</u>	<u>163,725,327</u>

5 Investment in financial assets at fair value through profit and loss

Investments in financial assets at fair value through profit and loss consist of the following:

	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED
Investment in quoted securities	21,840,539	22,524,255
Investment in unquoted securities	4,050,000	4,050,000
Investment in funds	4,703,474	4,703,474
Investment in the Companies with a related party	8,350,000	8,350,000
	<u>38,944,013</u>	<u>39,627,729</u>

Investments in funds includes investment with a related party amounting to AED 3.3 million (2018: AED 3.3 million).

The revaluation of investment securities resulted in net unrealised loss of AED 245,895 for the three-month period ended 31 March 2019 (three-month period ended 31 March 2018: net unrealised loss of AED 1,587,086 million). During the current period, Company received dividend income of AED 211,234 (three-month period ended 31 March 2018: AED 541,885) on its investments in securities.

6 Investment properties

	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED
At the beginning of the period/year	180,748,509	172,602,503
Additions during the period/year	5,565,047	11,695,200
Decrease in the fair value	-	(3,549,194)
At the end of the period/year	<u>186,313,556</u>	<u>180,748,509</u>

As at 31 March 2019, the Company has two investment properties out of which one property is Meydan Tower (property is under development but construction has not started), located in Dubai controlled by GGICO Real Estate Development Co. L.L.C. in which the Company has 10% ownership. The carrying value of the property is AED 76.45 million (31 December 2018: AED 76.45 million). The Company has assessed the fair value of the investment property as at 31 March 2019 and the fair value of investment property is not significantly different from its carrying value.

Al-Sagr National Insurance Company (PSC)
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Notes to the condensed interim financial statements
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6 Investment properties (continued)

Another property located in Al Barsha First, Dubai is currently under development, and has a carrying value of AED 109.86 million (31 December 2018: AED 104.3 million) and the addition during the year pertains to this property. The management of the Company is of the view that assessment of fair value of under development property is difficult as appraiser normally uses fair value of land on the basis of precedent market transaction concluded in the recent past. Further, as allowed under IAS 40, till the completion management can carry under development property at cost.

7 Cash and cash equivalents

	(Unaudited) 31 March 2019	(Audited) 31 December 2018
	AED	AED
Cash in hand	288,331	258,091
Bank balances:		
Current accounts	1,496,357	2,030,871
Fixed deposits	211,449,900	211,449,900
Less: Expected credit losses	-	(33,981)
	<u>213,234,588</u>	<u>213,704,881</u>

Fixed deposits with banks as at 31 March 2019 include AED 10.3 million (2018: AED 10.3 million) deposited in the name of the Company to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law Number (6) of 2007 relating to Insurance Authority.

All fixed deposits with banks mature within different periods not exceeding one year from the financial date of deposit and carry interest rates between 3% to 3.75% per annum (31 December 2018: 3% to 3.6% per annum).

Cash and cash equivalents for the purpose of statement of cash flows is analysed as follows:

	(Unaudited) 31 March 2019	(Audited) 31 December 2018
	AED	AED
Cash and bank balances	213,234,588	213,704,881
Bank borrowings	(97,351,773)	(108,069,434)
	<u>115,882,815</u>	<u>105,635,447</u>

The Company has bank facilities in the form of overdrafts repayable upon demand and bearing interest ranging from 3.65% to 4.15% per annum (2018: 3.65% to 4.15%). These facilities are secured by lien on fixed deposits amounting to AED 183.6 million (2018: AED 183.6 million).

8 Share capital

	(Unaudited) 31 March 2019	(Audited) 31 December 2018
	AED	AED
Issued and fully paid 230,000,000 shares of AED 1 each (2018: 230,000,000 share of AED 1 each)	<u>230,000,000</u>	<u>230,000,000</u>

Al-Sagr National Insurance Company (PSC)
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Notes to the condensed interim financial statements
For the period ended 31 March 2019

9 Reserves

Statutory reserve

In accordance with the UAE Commercial Companies Law no. (2) of 2015 (the "Law") and the Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the Law. During the period, no transfers were made to the statutory reserve (2018: AED 2.17 million).

General reserve

The general reserve is established through transfers from profit for the year as recommended by the Board of Directors and approved by the Shareholders at the Annual General Meeting. The reserve is distributable based on a recommendation by the Board of Directors approved by a Shareholders' resolution.

10 Related parties

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained as IAS 24. These transactions are carried out at terms mutually agreed between the parties on an arm's length basis.

Transactions with related parties

	(Unaudited) Three months period ended 31 March 2019 AED	(Unaudited) Three months period ended 31 March 2018 AED
Gross premiums	1,174,486	1,651,155
Claims paid	1,000,476	395,375
Key managerial personnel remuneration		
Salaries and benefits	1,349,313	1,914,329

Related party balances

	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED
Due from related parties		
Entities under common control	108,753,534	108,344,692
Due from shareholders	3,005,960	3,267,820
	111,759,494	111,612,512
Less: expected credit losses	(12,705,000)	(12,705,000)
	99,054,494	98,907,512
Due to related parties		
Entities under common control	78,590	78,590

Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the period ended 31 March 2019

11 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period, net of directors' fees, by the weighted average number of shares outstanding during the period as follows:

	Three months period ended	
	31 March (Unaudited)	
	2019	2018
Profit for the period (AED)	6,422,092	9,878,336
Weighted average number of shares outstanding during the period	230,000,000	230,000,000
Earnings per share (AED)	0.03	0.04

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

12 Segmental information

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

Al-Sagr National Insurance Company (PSC)
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Notes to the condensed interim financial statements
For the period ended 31 March 2019

12 Segmental information (continued)

	General insurance		Life insurance		Total	
	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED
ASSETS						
Property and equipment	13,924,343	5,806,492	118,782	122,614	14,043,125	5,929,106
Investment in associates	160,630,966	163,892,043	-	-	160,630,966	163,892,043
Investment in financial assets at FVTPL	38,944,013	39,627,729	-	-	38,944,013	39,627,729
Investment properties	186,313,556	180,748,509	-	-	186,313,556	180,748,509
Insurance receivables	151,427,588	130,123,687	1,640,863	1,178,624	153,068,451	131,302,311
Reinsurer share of outstanding claims	37,889,938	42,639,228	3,667,689	3,930,982	41,557,627	46,570,210
Reinsurer share of incurred but not reported claims	15,322,000	14,265,000	1,107,000	1,296,000	16,429,000	15,561,000
Reinsurer share of unearned premium reserve	50,543,000	49,627,000	8,176,000	3,269,000	58,719,000	52,896,000
Due from related parties	98,700,948	98,603,176	353,546	304,336	99,054,494	98,907,512
Other receivables and prepayments	23,046,267	21,871,889	-	-	23,046,267	21,871,889
Cash and bank balances	204,734,588	205,204,881	8,500,000	8,500,000	213,234,588	213,704,881
Total assets	981,477,207	952,409,634	23,563,880	18,601,556	1,005,041,087	971,011,190
LIABILITIES						
Due to related parties	78,590	78,590	-	-	78,590	78,590
Provision for employees' end of service indemnity	14,138,552	14,158,934	329,522	323,254	14,468,074	14,482,188
Bank borrowings	97,351,773	108,069,434	-	-	97,351,773	108,069,434
Insurance and other payables	112,406,206	97,993,605	4,224,388	2,359,680	116,630,594	100,353,285
Lease liability	8,233,217	-	-	-	8,233,217	-
Outstanding claims reserve	61,989,713	66,022,102	4,128,341	4,418,053	66,118,054	70,440,155
Incurred but not reported claims reserve	50,064,000	48,049,000	1,191,000	1,394,000	51,255,000	49,443,000
Unearned premium reserve	178,616,000	169,203,000	7,664,000	3,206,000	186,280,000	172,409,000
Unexpired risk reserve	759,000	330,000	1,045,000	300,000	1,804,000	630,000
Unallocated loss adjustment expense reserve	3,657,000	2,246,000	163,000	108,000	3,820,000	2,354,000
Total liabilities	527,294,051	506,150,665	18,745,251	12,108,987	546,039,302	518,259,652

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For the period ended 31 March 2019

12 Segmental information (continued)

	General insurance		Life insurance		Total	
	(Unaudited) 31 March 2019 AED	(Unaudited) 31 March 2018 AED	(Unaudited) 31 March 2019 AED	(Unaudited) 31 March 2018 AED	(Unaudited) 31 March 2019 AED	(Unaudited) 31 March 2018 AED
For the three months period ended						
Underwriting income						
Gross premium	96,309,809	106,396,496	7,479,524	489,756	103,789,333	106,886,252
Less: reinsurance share of gross premium	(27,283,048)	(49,539,929)	(7,289,410)	(467,075)	(34,572,458)	(50,007,004)
Less: reinsurance share of ceded business premium	(1,235,442)	-	-	-	(1,235,442)	-
Net retained premium	67,791,319	56,856,567	190,114	22,681	67,981,433	56,879,248
Net change in unearned premium reserve	(8,497,000)	(8,342,000)	449,000	(123,000)	(8,048,000)	(8,465,000)
Net insurance premium	59,294,319	48,514,567	639,114	(100,319)	59,933,433	48,414,248
Commission earned	12,291,083	19,682,834	3,753,165	140,610	16,044,248	19,823,444
Commission incurred	(10,174,237)	(9,209,241)	(719,063)	-	(10,893,300)	(9,209,241)
Gross underwriting income	61,411,165	58,988,160	3,673,216	40,291	65,084,381	59,028,451
Gross claims paid	(64,030,723)	(89,603,518)	(372,522)	(423,245)	(64,403,245)	(90,026,763)
Insurance claims recovered from reinsurers	24,189,125	48,927,161	334,362	357,278	24,523,487	49,284,439
Net claims paid	(39,841,598)	(40,676,357)	(38,160)	(65,967)	(39,879,758)	(40,742,324)
Decrease in provision for outstanding claims	4,032,389	29,567,408	289,712	4,815	4,322,101	29,572,223
Decrease in reinsurer share of outstanding claims	(4,749,290)	(27,966,217)	(263,293)	(4,570)	(5,012,583)	(27,970,787)
(Increase) / decrease in unexpired risk reserve	(429,000)	(312,000)	(745,000)	299,000	(1,174,000)	(13,000)
(Increase) / decrease in incurred but not reported claims reserve	(958,000)	410,000	14,000	(25,000)	(944,000)	385,000
(Increase) / decrease in unallocated loss adjustment expense reserve	(1,411,000)	(317,000)	(55,000)	3,000	(1,466,000)	(314,000)
Net claims incurred	(43,356,499)	(39,294,166)	(797,741)	211,278	(44,154,240)	(39,082,888)
Net underwriting profit	18,054,666	19,693,994	2,875,475	251,569	20,930,141	19,945,563
Net investments loss						
Share of (losses)/profits from equity accounted investees					(1,613,411)	(2,309,395)
General and administrative expenses					(3,261,077)	1,272,681
Profit for the period					(9,633,561)	(9,030,513)
					6,422,092	9,878,336

Al-Sagr National Insurance Company (PSC)
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For the period ended 31 March 2019

13 Fair value measurement

Financial assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets;
- Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 March 2019 (Unaudited)				
Investment in financial assets at FVTPL	<u>21,741,962</u>	<u>17,202,051</u>	-	<u>38,944,013</u>
31 December 2018 (Audited)				
Investment in financial assets at FVTPL	<u>22,425,678</u>	<u>17,202,051</u>	-	<u>39,627,729</u>

14 Contingent liabilities and commitments

	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2018 AED
Letters of guarantee	<u>17,510,185</u>	<u>18,073,809</u>

15 Dividend

Dividend of AED 0.05 per share amounting to AED 11.5 million relating to the year ended 31 December 2018 was approved by the shareholders at the Annual General Meeting held on 16 April 2019.

During the comparative period, dividend of AED 0.05 per share amounting to AED 11.5 million relating to the year ended 31 December 2017 was approved by the shareholders at the Annual General Meeting held on 17 April 2018 and paid on 13 May 2018.