

Al-Sagr National Insurance Company (PSC)

Condensed interim financial statements (Unaudited)

For the period ended 31 March 2020

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

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 2020 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 months period then ended and explanatory information. 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 these 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.

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, 17 June 2020

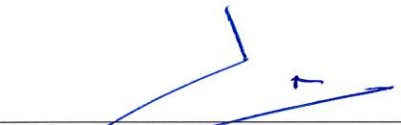



Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Condensed interim statement of financial position
As at 31 March 2020

		(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
ASSETS			
Property and equipment		87,741,828	88,512,633
Investment in associates	4	151,374,581	153,961,359
Investment in financial assets at FVTPL	5	15,659,646	19,621,417
Investment properties	6	140,608,719	130,955,617
Insurance receivables		147,146,128	132,038,020
Reinsurer share of outstanding claims		30,890,078	32,581,148
Reinsurer share of incurred but not reported claims (IBNR)		12,387,257	17,046,000
Reinsurer share of unearned premium reserve		64,328,935	65,507,000
Reinsurer share of mathematical reserve		1,090,000	1,180,000
Due from related parties	10	36,774,402	35,744,437
Other receivables and prepayments		16,769,333	16,570,570
Cash and bank balances	7	211,549,638	202,728,762
TOTAL ASSETS		916,320,545	896,446,963
EQUITY AND LIABILITIES			
Equity			
Share capital	8	230,000,000	230,000,000
Statutory reserve	9	69,628,437	69,628,437
General reserve	9	100,000,000	100,000,000
Accumulated losses		(37,055,113)	(43,621,897)
Total equity		362,573,324	356,006,540
Liabilities			
Due to related parties	10	78,590	79,274
Provision for employees' end of service indemnity		11,225,800	11,134,615
Bank borrowings	7	93,191,562	81,313,163
Insurance and other payables		122,677,688	107,393,631
Outstanding claims reserve		57,010,675	76,784,661
Incurred but not reported claims reserve		44,166,614	49,307,000
Unearned premium reserve		214,201,632	202,324,000
Mathematical reserve		1,099,000	1,190,000
Unexpired risk reserve		257,724	-
Unallocated loss adjustment expense reserve		3,338,170	3,985,000
Lease liability		6,499,766	6,929,079
Total liabilities		553,747,221	540,440,423
TOTAL EQUITY AND LIABILITIES		916,320,545	896,446,963

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Directors on 17 June 2020.


Majid Abdulla Al Sari
Chairman


Abdel Muhsen Jaber
Director and General Manager

The notes from 1 to 17 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 2020

	(Unaudited) Three months period ended 31 March 2020 AED	(Unaudited) Three months period ended 31 March 2019 AED
	Note	
UNDERWRITING INCOME		
Gross premium	124,059,922	105,351,509
Less: reinsurance share of gross premium	(29,032,971)	(34,572,458)
Less: reinsurance share of ceded business premium	(2,521,615)	(1,235,442)
Net retained premium	92,505,336	69,543,609
Net change in unearned premium reserve	(13,055,697)	(8,048,000)
Net insurance premium	79,449,639	61,495,609
Commission earned	4,460,503	4,517,269
Commission incurred	(16,058,148)	(10,893,300)
Other operational income - net	6,002,166	9,964,803
Gross underwriting income	73,854,160	65,084,381
UNDERWRITING EXPENSES		
Gross claims paid	(90,344,910)	(64,403,245)
Insurance claims recovered from reinsurers	21,494,066	24,523,487
Net claims paid	(68,850,844)	(39,879,758)
Decrease in provision for outstanding claims	19,773,982	4,322,101
Decrease in reinsurer share of outstanding claims	(1,691,069)	(5,012,583)
Increase in unexpired risk reserve	(257,724)	(1,174,000)
Decrease/(increase) in incurred but not reported claims reserve	481,643	(944,000)
Decrease in mathematical reserve	1,000	-
Decrease/(increase) in unallocated loss adjustment expense reserve	646,830	(1,466,000)
Net claims incurred	(49,896,182)	(44,154,240)
UNDERWRITING INCOME	23,957,978	20,930,141
INVESTMENT INCOME		
Net investments loss	(5,447,537)	(1,613,411)
Share of losses from equity accounted investees	(2,586,778)	(3,261,077)
General and administrative expenses	(9,356,879)	(9,633,561)
PROFIT FOR THE PERIOD	6,566,784	6,422,092
Basic and diluted earnings per share	11 0.03	0.03

The notes from 1 to 17 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 2020

	(Unaudited) Three months period ended 31 March 2020 AED	(Unaudited) Three months period ended 31 March 2019 AED
Profit for the period	6,566,784	6,422,092
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,566,784	6,422,092

The notes from 1 to 17 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 2020

	Share capital AED	Statutory reserve AED	General reserve AED	(Accumulated losses)/ Retained earnings AED	Total equity AED
Balance at 1 January 2020 (Audited)	230,000,000	69,628,437	100,000,000	(43,621,897)	356,006,540
Profit for the period	-	-	-	6,566,784	6,566,784
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	6,566,784	6,566,784
Balance at 31 March 2020 (Unaudited)	230,000,000	69,628,437	100,000,000	(37,055,113)	362,573,324
Balance at 1 January 2019 (Audited)	230,000,000	69,148,174	100,000,000	(34,651,460)	364,496,714
Impact of adopting IFRS 16	-	-	-	(42,801)	(42,801)
Balance at 1 January 2019 (Audited)	230,000,000	69,148,174	100,000,000	(34,694,261)	364,453,913
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	69,148,174	100,000,000	(28,272,169)	370,876,005

The notes from 1 to 17 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 2020

	Notes	(Unaudited) Three months period ended 31 March 2020 AED	(Unaudited) Three months period ended 31 March 2019 AED
OPERATING ACTIVITIES			
Profit for the period		6,566,784	6,422,092
<i>Adjustment for:</i>			
Net unrealised loss from investments in financial assets at FVTPL	5	3,961,771	245,895
Share of losses from equity accounted investees	4	2,586,778	3,261,077
Depreciation		832,368	852,744
Finance costs		796,318	1,053,808
Interest income		(1,643,324)	(1,809,835)
Gain on disposal of investments in financial assets at FVTPL		-	(83,442)
Dividend income		-	(211,234)
Provision for employees' end of service benefits		282,811	275,880
Interest on lease liability		71,889	89,995
		13,455,395	10,096,980
<i>Changes in operating assets and liabilities:</i>			
Insurance receivables		(15,108,108)	(21,766,140)
Reinsurer share of outstanding claims		1,691,070	5,012,583
Reinsurer share of incurred but not reported claims		4,658,743	(868,000)
Reinsurer share of unearned premium reserve		1,178,065	(5,823,000)
Reinsurer share of mathematical reserve		90,000	-
Due from related parties		(1,029,965)	(146,982)
Other receivables and prepayments		(198,763)	(1,586,477)
Due to related parties		(684)	-
Insurance and other payables		15,284,057	16,277,309
Outstanding claims reserve		(19,773,986)	(4,322,101)
Incurred but not reported claims reserve		(5,140,386)	1,812,000
Unearned premium reserve		11,877,632	13,871,000
Mathematical reserve		(91,000)	-
Unexpired risk reserve		257,724	1,174,000
Unallocated loss adjustment expense reserve		(646,830)	1,466,000
		6,502,964	15,197,172
Employees' end of service benefits paid		(191,626)	(289,994)
Net cash generated from operating activities		6,311,338	14,907,178
INVESTING ACTIVITIES			
Purchase of property and equipment		(61,563)	(82,283)
Addition in investment properties	6	(9,653,102)	(5,565,047)
Net proceeds from sale of investment in financial assets at FVTPL		-	521,263
Dividends received		-	211,234
Interest received		1,643,324	1,809,835
Net cash used in investing activities		(8,071,341)	(3,104,998)
FINANCING ACTIVITIES			
Interest paid		(796,318)	(1,053,808)
Payment of lease liability		(501,202)	(501,004)
Net cash used in financing activities		(1,297,520)	(1,554,812)
Net change in cash and cash equivalents		(3,057,523)	10,247,368
Cash and cash equivalents, beginning of period		121,415,599	105,635,447
Cash and cash equivalents, end of period	7	118,358,076	115,882,815

The notes from 1 to 17 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 2020

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 2020 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 2019. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

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 2019.

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 2019, are applicable on the Company but do not have any material impact on these condensed interim financial statements.

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.

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

Notes to the condensed interim financial statements
For the period ended 31 March 2020

3 Significant accounting policies (continued)

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) 31 March 2020 AED	(Audited) 31 December 2019 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	151,207,865	153,794,643
	151,374,581	153,961,359

The Company holds 50% and the Parent Company holds 25% ownership respectively in Green Air Technology L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates.

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 remaining 50% ownership is owned by the Parent Company.

Although, the Company holds 50% equity and the voting rights 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 the management of these entities.

As at 31 March 2020, 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 2020 AED	(Audited) 31 December 2019 AED
Balance at the beginning	153,794,643	163,725,327
Company's share of net losses for the period / year	(2,586,778)	(9,930,684)
Balance at the end	151,207,865	153,794,643

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

Notes to the condensed interim financial statements
For the period ended 31 March 2020

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)	(Audited)
	31 March 2020	31 December 2019
	AED	AED
Investment in financial assets at FVTPL	15,659,646	19,621,417

Following is the movement of investments at FVTPL during the year:

	(Unaudited)	(Audited)
	31 March 2020	31 December 2019
	AED	AED
At the beginning of the period/year	19,621,417	28,221,755
Net disposals during the year	-	(737,821)
Decrease in fair value	(3,961,771)	(7,862,517)
At the end of the period/year	15,659,646	19,621,417

All investments are held within U.A.E. except for investments at FVTPL amounting to AED 0.1 million (31 December 2019: AED 0.1 million).

6 Investment properties

	(Unaudited)	(Audited)
	31 March 2020	31 December 2019
	AED	AED
At the beginning of the period/year	130,955,617	180,748,509
Additions during the period/year	9,653,102	26,957,914
Transferred to property and equipment	-	(76,750,806)
At the end of the period/year	140,608,719	130,955,617

During the year 2019, the Company transferred one land included in the investment properties to property and equipment as the Company's Board of Directors has resolved to construct the Company's head office on this land in the foreseeable future. This property is located in Dubai and the carrying value of the property at the date of transfer is AED 76.75 million. The Company has assessed the fair value of the investment property at date of transfer and the fair value of investment property is not significantly different from its carrying value.

Another property located in Al Barsha First, Dubai is currently under development, and has a carrying value of AED 141 million (31 December 2019: AED 131 million) and the addition during the period 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.

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

Notes to the condensed interim financial statements
For the period ended 31 March 2020

7 Cash and cash equivalents

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Cash in hand	157,812	180,689
Bank balances:		
Current accounts	12,176,231	3,362,818
Fixed deposits	199,249,576	199,219,236
Less: Expected credit losses	(33,981)	(33,981)
	<u>211,549,638</u>	<u>202,728,762</u>

Fixed deposits with banks as at 31 March 2020 include AED 10.3 million (31 December 2019: 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 including deposits of AED 172.9 million maturing after three months period. All deposits carry interest rates between 3% to 3.6% per annum (31 December 2019: 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 2020 AED	(Unaudited) 31 March 2019 AED	(Audited) 31 December 2019 AED
Cash and bank balances	211,549,638	213,234,588	202,728,762
Bank borrowings	(93,191,562)	(97,351,773)	(81,313,163)
	<u>118,358,076</u>	<u>115,882,815</u>	<u>121,415,599</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 (31 December 2019: 3.65% to 4.15%). These facilities are secured by lien on fixed deposits amounting to AED 152.2 million (31 December 2019: AED 183.6 million).

8 Share capital

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Issued and fully paid 230,000,000 shares of AED 1 each (31 December 2019: 230,000,000 share of AED 1 each)	<u>230,000,000</u>	230,000,000

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 (31 December 2019: AED 0.5 million).

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

Notes to the condensed interim financial statements
For the period ended 31 March 2020

9 Reserves (continued)

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 2020 AED	(Unaudited) Three months period ended 31 March 2019 AED
Gross premiums	1,259,390	1,174,486
Claims paid	25,521	1,000,476
<i>Key managerial personnel remuneration</i>		
Salaries and benefits	<u>573,585</u>	<u>1,349,313</u>

Related party balances

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Due from related parties		
Entities under common control	105,340,720	103,890,705
Due from shareholders	2,741,362	3,161,412
	<u>108,082,082</u>	<u>107,052,117</u>
Less: Expected credit losses	<u>(71,307,680)</u>	<u>(71,307,680)</u>
	<u>36,774,402</u>	<u>35,744,437</u>
Due to related parties		
Entities under common control	<u>78,590</u>	<u>79,274</u>

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)	
	2020	2019
Profit for the period (AED)	6,566,784	6,422,092
Weighted average number of shares outstanding during the period	230,000,000	230,000,000
Earnings per share (AED)	<u>0.03</u>	<u>0.03</u>

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

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

Notes to the condensed interim financial statements
For the period ended 31 March 2020

12 Segmental information

For management purposes the Company is organised into two operating segments, general insurance and life assurance.

	General insurance		Life assurance		Total	
	(Unaudited) 31 March 2020	(Audited) 31 December 2019	(Unaudited) 31 March 2020	(Audited) 31 December 2019	(Unaudited) 31 March 2020	(Audited) 31 December 2019
	AED	AED	AED	AED	AED	AED
ASSETS						
Property and equipment	87,637,895	88,405,347	103,933	107,286	87,741,828	88,512,633
Investment in associates	151,374,581	153,961,359	-	-	151,374,581	153,961,359
Investment in financial assets at FVTPL	15,659,646	19,621,417	-	-	15,659,646	19,621,417
Investment properties	140,608,719	130,955,617	-	-	140,608,719	130,955,617
Insurance receivables	144,704,566	128,638,765	2,441,562	3,399,255	147,146,128	132,038,020
Reinsurer share of outstanding claims	28,484,813	30,175,883	2,405,265	2,405,265	30,890,078	32,581,148
Reinsurer share of IBNR	11,600,247	16,145,000	787,010	901,000	12,387,257	17,046,000
Reinsurer share of unearned premium reserve	63,887,147	62,852,000	441,788	2,655,000	64,328,935	65,507,000
Reinsurer share of mathematical reserve	-	-	1,090,000	1,180,000	1,090,000	1,180,000
Due from related parties	36,454,620	35,458,516	319,782	285,921	36,774,402	35,744,437
Other receivables and prepayments	16,769,333	16,570,570	-	-	16,769,333	16,570,570
Cash and bank balances	203,049,638	194,228,762	8,500,000	8,500,000	211,549,638	202,728,762
Total assets	900,231,205	877,013,236	16,089,340	19,433,727	916,320,545	896,446,963
LIABILITIES						
Due to related parties	78,590	52,708	-	26,566	78,590	79,274
Provision for employees' end of service indemnity	11,225,800	11,134,615	-	-	11,225,800	11,134,615
Bank borrowings	93,191,562	81,313,163	-	-	93,191,562	81,313,163
Insurance and other payables	119,618,241	102,623,490	3,059,447	4,770,141	122,677,688	107,393,631
Outstanding claims reserve	54,335,618	74,110,905	2,675,057	2,673,756	57,010,675	76,784,661
Incurred but not reported claims reserve	43,305,646	48,350,000	860,968	957,000	44,166,614	49,307,000
Unearned premium reserve	213,602,018	199,781,000	599,614	2,543,000	214,201,632	202,324,000
Mathematical reserve	-	-	1,099,000	1,190,000	1,099,000	1,190,000
Unexpired risk reserve	257,724	-	-	-	257,724	-
Unallocated loss adjustment expense reserve	3,228,249	3,870,000	109,921	115,000	3,338,170	3,985,000
Lease liability	6,499,766	6,929,079	-	-	6,499,766	6,929,079
Total liabilities	545,343,214	528,164,960	8,404,007	12,275,463	553,747,221	540,440,423

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12 Segmental information (continued)

	General insurance		Life assurance		Total	
	(Unaudited) 31 March 2020 AED	(Unaudited) 31 March 2019 AED	(Unaudited) 31 March 2020 AED	(Unaudited) 31 March 2019 AED	(Unaudited) 31 March 2020 AED	(Unaudited) 31 March 2019 AED
Underwriting income						
Gross premium	123,755,071	97,871,985	304,851	7,479,524	124,059,922	105,351,509
Less: reinsurance share of gross premium	(28,908,036)	(27,283,048)	(124,935)	(7,289,410)	(29,032,971)	(34,572,458)
Less: reinsurance share of ceded business premium	(2,521,615)	(1,235,442)	-	-	(2,521,615)	(1,235,442)
Net retained premium	92,325,420	69,353,495	179,916	190,114	92,505,336	69,543,609
Net change in unearned premium reserve	(12,785,871)	(8,497,000)	(269,826)	449,000	(13,055,697)	(8,048,000)
Net insurance premium	79,539,549	60,856,495	(89,910)	639,114	79,449,639	61,495,609
Commission earned	4,460,239	4,516,036	264	1,233	4,460,503	4,517,269
Commission incurred	(16,054,936)	(10,174,237)	(3,212)	(719,063)	(16,058,148)	(10,893,300)
Other operational income/(expenses)	6,002,531	6,212,871	(365)	3,751,932	6,002,166	9,964,803
Gross underwriting income/(expenses)	73,947,383	61,411,165	(93,223)	3,673,216	73,854,160	65,084,381
Gross claims paid	(90,344,910)	(64,030,723)	-	(372,522)	(90,344,910)	(64,403,245)
Insurance claims recovered from reinsurers	21,494,066	24,189,125	-	334,362	21,494,066	24,523,487
Net claims paid	(68,850,844)	(39,841,598)	-	(38,160)	(68,850,844)	(39,879,758)
Decrease/(increase) in provision for outstanding claims	19,775,283	4,032,389	(1,301)	289,712	19,773,982	4,322,101
(Decrease)/increase in reinsurer share of outstanding claims	(1,692,369)	(4,749,290)	1,300	(263,293)	(1,691,069)	(5,012,583)
Increase in unexpired risk reserve	(257,724)	(429,000)	-	(745,000)	(257,724)	(1,174,000)
Decrease/(increase) in IBNR claims reserve	499,531	(958,000)	(17,888)	14,000	481,643	(944,000)
Decrease in mathematical reserve	-	-	1,000	-	1,000	-
Decrease/(increase) in unallocated loss adjustment expense reserve	641,751	(1,411,000)	5,079	(55,000)	646,830	(1,466,000)
Net claims incurred	(49,884,372)	(43,356,499)	(11,810)	(797,741)	(49,896,182)	(44,154,240)
Net underwriting income/(loss)	24,063,011	18,054,666	(105,033)	2,875,475	23,957,978	20,930,141
Net investments loss					(5,447,537)	(1,613,411)
Share of losses from equity accounted investees					(2,586,778)	(3,261,077)
General and administrative expenses*					(9,356,879)	(9,633,561)
Profit for the period					6,566,784	6,422,092

* General and administrative expenses amounting to AED 470,550 have been allocated to life assurance.

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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 2020 (Unaudited)				
Investment in financial assets at FVTPL	<u>10,755,514</u>	-	4,904,132	<u>15,659,646</u>
31 December 2019 (Audited)				
Investment in financial assets at FVTPL	<u>14,125,340</u>	-	5,496,077	<u>19,621,417</u>

14 Contingent liabilities and commitments

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Letters of guarantee	<u>17,995,927</u>	<u>17,943,808</u>

Contingent liabilities

The Company in common with other insurance companies, is involved as defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Company in terms of an outflow of economic resources and are liable estimate of the amount of outflow can be made.

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 and paid during the year ended 31 December 2019. No dividend was proposed and approved for the year ended 31 December 2019.

16 Seasonality of results and events effecting the operations

The Company's investment income is dependent on market conditions, its investment activities and declaration of profits by investee companies, which are of a seasonal nature. Also, there was an outbreak of a global pandemic (Novel Coronavirus disease), causing significant financial and economic impact on major economies across the globe and affecting multiple industries. As at the date of approval of the financial statements, management is in the process of assessing the impact of the said event on its subsequent period's financial results. Accordingly, results for the period ended 31 March 2020 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2020.

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17 Comparative figures

Following comparative figures have been reclassified in order to conform with current condensed interim financial information's presentation and improve the quality of information presented. However, there is no effect on previously reported total assets, total equity, total liabilities and profit for the period, therefore, the requirement for presentation of three statements of financial position as per IAS 1 "Presentation of Financial Statements" is omitted.

<u>For the three-month period ended</u> <u>31 March 2019</u>	Previously reported AED	Reclassification AED	Reclassified AED
Gross premium	103,789,333	1,562,176	105,351,509
Commission earned	16,044,248	(11,526,979)	4,517,269
Other operational income - net	-	9,964,803	9,964,803
