

# **Al-Sagr National Insurance Company (PSC)**

Condensed interim financial statements (Unaudited)

For the period ended 31 March 2021

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**Grant Thornton**  
**United Arab Emirates**

Rolex Tower  
Level 23  
Sheikh Zayed Road  
P.O. Box 1620  
Dubai

T +971 4 388 9925  
F +971 4 388 9915

## **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 2021 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, 12 May 2021**

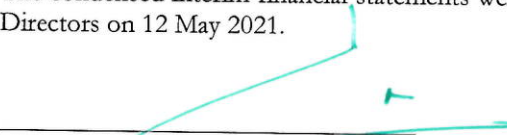


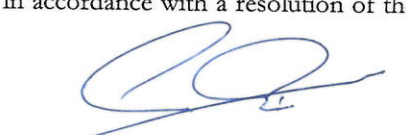
**Al-Sagr National Insurance Company (PSC)**  
**Condensed interim financial statements (Unaudited)**

**Condensed interim statement of financial position**  
**As at 31 March 2021**

		(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
<b>ASSETS</b>			
Property and equipment		85,214,242	85,898,250
Investment in associates	4	130,272,187	135,846,353
Investment in financial assets at FVTPL	5	15,295,817	16,035,325
Investment property	6	157,931,895	157,931,895
Insurance receivables		163,313,857	145,699,528
Reinsurer share of outstanding claims		156,039,476	148,879,390
Reinsurer share of incurred but not reported claims		17,291,506	16,036,589
Reinsurer share of unearned premium reserve		65,496,744	54,989,405
Reinsurer share of mathematical reserve		1,245,694	1,137,870
Deferred acquisition costs		46,281,174	37,338,946
Due from related parties	10	16,698,001	15,088,672
Other receivables and prepayments		7,896,020	6,660,423
Bank balances and cash	7	205,583,739	201,685,769
<b>TOTAL ASSETS</b>		<b>1,068,560,352</b>	<b>1,023,228,415</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	230,000,000	230,000,000
Statutory reserve	9	70,203,206	70,203,206
General reserve	9	50,000,000	50,000,000
Reinsurance reserve		652,827	652,827
Accumulated losses		(37,457,487)	(30,572,826)
<b>Total equity</b>		<b>313,398,546</b>	<b>320,283,207</b>
<b>Liabilities</b>			
Provision for employees' end of service indemnity		10,501,902	10,401,343
Bank borrowings	7	34,545,373	47,343,293
Insurance and other payables		146,393,839	118,180,997
Outstanding claims reserve		190,224,656	192,617,171
Incurred but not reported claims reserve		55,766,874	50,581,753
Unearned premium reserve		298,499,747	266,320,166
Mathematical reserve		1,255,100	1,146,197
Unexpired risk reserve		717,304	118,641
Unallocated loss adjustment expense reserve		4,107,293	4,083,362
Deferred commission income		8,412,212	6,967,369
Lease liability		4,737,506	5,184,916
<b>Total liabilities</b>		<b>755,161,806</b>	<b>702,945,208</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,068,560,352</b>	<b>1,023,228,415</b>

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Directors on 12 May 2021.

  
**Majid Abdulla Al Sari**  
**Chairman**

  
**Abdel Muhsen Jaber**  
**Director and CEO**

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 2021**

	(Unaudited) Three months period ended 31 March 2021 AED	(Unaudited) Three months period ended 31 March 2020 AED
	Note	
<b>UNDERWRITING INCOME</b>		
Gross premium	168,002,023	124,059,922
Less: reinsurance share of gross premium	(41,089,668)	(29,032,971)
Less: reinsurance share of ceded business premium	(2,739,230)	(2,521,615)
<b>Net retained premium</b>	<b>124,173,125</b>	<b>92,505,336</b>
Net change in unearned premium reserve	(14,174,856)	(13,055,697)
<b>Net insurance premium</b>	<b>109,998,269</b>	<b>79,449,639</b>
Commission earned	5,456,788	4,460,503
Commission incurred	(27,999,685)	(16,058,148)
Other operational income - net	14,231,127	6,002,166
<b>Gross underwriting income</b>	<b>101,686,499</b>	<b>73,854,160</b>
<b>UNDERWRITING EXPENSES</b>		
Gross claims paid	(114,029,275)	(90,344,910)
Insurance claims recovered from reinsurers	16,403,168	21,494,066
<b>Net claims paid</b>	<b>(97,626,107)</b>	<b>(68,850,844)</b>
Decrease in provision for outstanding claims	2,392,515	19,773,982
Increase/(decrease) in reinsurer share of outstanding claims	7,160,086	(1,691,069)
Increase in unexpired risk reserve	(598,663)	(257,724)
(Increase)/decrease in incurred but not reported claims reserve	(3,930,205)	481,643
(Increase)/decrease in mathematical reserve	(1,079)	1,000
(Increase)/decrease in unallocated loss adjustment expense reserve	(23,931)	646,830
<b>Net claims incurred</b>	<b>(92,627,384)</b>	<b>(49,896,182)</b>
<b>NET UNDERWRITING INCOME</b>	<b>9,059,115</b>	<b>23,957,978</b>
<b>INVESTMENT INCOME</b>		
Net investments loss	(1,430,574)	(5,447,537)
Share of losses from equity accounted investees	(5,574,166)	(2,586,778)
General and administrative expenses	(8,939,036)	(9,356,879)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>(6,884,661)</b>	<b>6,566,784</b>
Basic and diluted (loss)/earnings per share	11 (0.03)	0.03

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 2021**

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	<b>(Unaudited)</b> <b>Three months</b> <b>period ended</b> <b>31 March 2021</b> <b>AED</b>	<b>(Unaudited)</b> <b>Three months</b> <b>period ended</b> <b>31 March 2020</b> <b>AED</b>
(Loss)/profit for the period	<b>(6,884,661)</b>	6,566,784
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME</b> <b>FOR THE PERIOD</b>	<b>(6,884,661)</b>	<b>6,566,784</b>

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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 2021**

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Accumulated losses AED	Total equity AED
<b>Balance at 1 January 2021 (Audited)</b>	<b>230,000,000</b>	<b>70,203,206</b>	<b>50,000,000</b>	<b>652,827</b>	<b>(30,572,826)</b>	<b>320,283,207</b>
Loss for the period	-	-	-	-	<b>(6,884,661)</b>	<b>(6,884,661)</b>
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	<b>(6,884,661)</b>	<b>(6,884,661)</b>
<b>Balance at 31 March 2021 (Unaudited)</b>	<b>230,000,000</b>	<b>70,203,206</b>	<b>50,000,000</b>	<b>652,827</b>	<b>(37,457,487)</b>	<b>313,398,546</b>
Balance at 1 January 2020 (Audited)	230,000,000	69,628,437	100,000,000	-	(83,597,921)	316,030,516
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	-	(77,031,137)	322,597,300

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 2021**

	Notes	(Unaudited) Three months period ended 31 March 2021 AED	(Unaudited) Three months period ended 31 March 2020 AED
<b>OPERATING ACTIVITIES</b>			
(Loss)/profit for the period		(6,884,661)	6,566,784
<i>Adjustment for:</i>			
Net unrealised loss from investments in financial assets at FVTPL	5	626,883	3,961,771
Share of losses from equity accounted investees	4	5,574,166	2,586,778
Depreciation		816,957	832,368
Finance costs		206,351	796,318
Interest income		(1,184,787)	(1,643,324)
Loss on disposal of investments in financial assets at FVTPL		11,389	-
Loss on disposal of property and equipment		1,781	-
Provision for employees' end of service benefits		216,849	282,811
Interest on lease liability		53,793	71,889
		<b>(561,279)</b>	<b>13,455,395</b>
<i>Changes in operating assets and liabilities:</i>			
Insurance receivables		(17,614,329)	(15,108,108)
Reinsurer share of outstanding claims		(7,160,086)	1,691,070
Reinsurer share of incurred but not reported claims		(1,254,917)	4,658,743
Reinsurer share of unearned premium reserve		(10,507,339)	1,178,065
Reinsurer share of mathematical reserve		(107,824)	90,000
Deferred acquisition costs		(8,942,228)	(5,166,377)
Due from related parties		(1,609,329)	(1,029,965)
Other receivables and prepayments		(1,235,597)	(198,763)
Due to related parties		-	(684)
Insurance and other payables		28,212,842	15,284,057
Outstanding claims reserve		(2,392,515)	(19,773,986)
Incurred but not reported claims reserve		5,185,121	(5,140,386)
Unearned premium reserve		32,179,581	18,252,034
Mathematical reserve		108,903	(91,000)
Unexpired risk reserve		598,663	257,724
Unallocated loss adjustment expense reserve		23,931	(646,830)
Deferred commission income		1,444,843	(1,208,025)
		<b>16,368,441</b>	<b>6,502,964</b>
Employees' end of service benefits paid		(116,290)	(191,626)
Net cash generated from operating activities		<b>16,252,151</b>	<b>6,311,338</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(134,730)	(61,563)
Addition in investment property		-	(9,653,102)
Net proceeds from sale of investment in financial assets at FVTPL		101,236	-
Interest received		1,184,787	1,643,324
Net cash generated from/(used in) investing activities		<b>1,151,293</b>	<b>(8,071,341)</b>
<b>FINANCING ACTIVITIES</b>			
Interest paid		(206,351)	(796,318)
Payment of lease liability		(501,203)	(501,202)
Net cash used in financing activities		<b>(707,554)</b>	<b>(1,297,520)</b>
<b>Net change in cash and cash equivalents</b>		<b>16,695,890</b>	<b>(3,057,523)</b>
Cash and cash equivalents, beginning of period		154,342,476	121,415,599
<b>Cash and cash equivalents, end of period</b>	7	<b>171,038,366</b>	<b>118,358,076</b>

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 2021

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### **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 Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

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 2021 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 2020. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

### **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 2020.

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 2020, 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 2021**

**3 Significant accounting policies (continued)**

*Critical accounting estimates and judgments in applying 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 2021 AED	(Audited) 31 December 2020 AED
Green Air Technology L.L.C., U.A.E.	16,716	16,716
Sogour Al Khaleej General Trading L.L.C., U.A.E.	150,000	150,000
Al Sagr Cooperative Insurance Company	<u>130,105,471</u>	<u>135,679,637</u>
	<u>130,272,187</u>	<u>135,846,353</u>

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 2021, 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 Insurance Company under the equity method as follows:

	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
Balance at the beginning	135,679,637	153,794,643
Company's share of net losses for the period / year	<u>(5,574,166)</u>	<u>(18,115,006)</u>
Balance at the end	<u>130,105,471</u>	<u>135,679,637</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 2021**

**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 2021 AED	(Audited) 31 December 2020 AED
Investment in financial assets at FVTPL	<u>15,295,817</u>	<u>16,035,325</u>

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

	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
At the beginning of the period/year	16,035,325	19,621,417
Net disposals during the period/year	(112,625)	(144,721)
Decrease in fair value during the period/year	(626,883)	(3,441,371)
At the end of the period/year	<u>15,295,817</u>	<u>16,035,325</u>

All investments are held within U.A.E. except for investments at FVTPL amounting to AED 0.1 million (31 December 2020: AED 0.1 million).

**6 Investment property**

	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
At the beginning of the period/year	157,931,895	130,955,617
Additions during the period/year	-	26,976,278
At the end of the period/year	<u>157,931,895</u>	<u>157,931,895</u>

Investment property is located in Al Barsha First, Dubai and currently is under development, having a carrying value of AED 158 million (31 December 2020: AED 158 million). 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 Bank balances and cash**

	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
Cash in hand	112,209	97,399
<b>Bank balances:</b>		
Current accounts	6,880,916	2,319,718
Fixed deposits	198,624,595	199,302,633
Less: Expected credit losses	(33,981)	(33,981)
	<u>205,583,739</u>	<u>201,685,769</u>

Fixed deposits with banks as at 31 March 2021 include AED 10.3 million (31 December 2020: 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.

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

**Notes to the condensed interim financial statements**  
**For the period ended 31 March 2021**

**7 Bank balances and cash (continued)**

All fixed deposits with banks mature within different periods not exceeding one year from the financial date of deposit including deposits of AED 191 million maturing after three months period. All deposits carry interest rates between 1.4% to 3.25% per annum (31 December 2020: 1.1% to 3.25% per annum).

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

	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>31 March</b>	31 March	31 December
	<b>2021</b>	2020	2020
	<b>AED</b>	AED	AED
Cash and bank balances	<b>205,583,739</b>	211,549,638	201,685,769
Bank borrowings	<b>(34,545,373)</b>	(93,191,562)	(47,343,293)
Cash and cash equivalent	<b>171,038,366</b>	118,358,076	154,342,476

The Company has bank facilities in the form of overdrafts repayable upon demand and bearing interest ranging from 1.65% to 3.9% per annum (31 December 2020: 1.65% to 3.9%). These facilities are secured by lien on fixed deposits amounting to AED 132.5 million (31 December 2020: AED 132.5 million).

**8 Share capital**

	<b>(Unaudited)</b>	(Audited)
	<b>31 March</b>	31 December
	<b>2021</b>	2020
	<b>AED</b>	AED
Issued and fully paid 230,000,000 shares of AED 1 each (31 December 2020: 230,000,000 share of AED 1 each)	<b>230,000,000</b>	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 2020: AED 0.6 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. During the period no transfers were made to the general reserves (31 December 2020: Nil). On recommendation of Board of Directors, Shareholders have approved, in annual general meeting held on 15 April 2020, transfer of AED 50 million from general reserves to retained earnings.

***Reinsurance reserve***

In accordance with Insurance Authority's Board of Directors' Decision No. 23, Article 34, an amount of AED 0.7 million was transferred from retained earnings to reinsurance reserve during the year ended 31 December 2020. The reserve is not available for distribution, and will not be disposed of without prior approval from Insurance Authority.

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

**Notes to the condensed interim financial statements**  
**For the period ended 31 March 2021**

**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*

	<b>(Unaudited)</b> <b>Three months</b> <b>period ended</b> <b>31 March 2021</b> <b>AED</b>	<b>(Unaudited)</b> <b>Three months</b> <b>period ended</b> <b>31 March 2020</b> <b>AED</b>
<i>Entities under common control</i>		
Gross premiums	1,136,632	1,259,390
Claims paid	(252,934)	(25,521)
<i>Key managerial personnel remuneration</i>		
Salaries and benefits	<b>673,185</b>	573,585

*Related parties' balances*

	<b>(Unaudited)</b> <b>31 March</b> <b>2021</b> <b>AED</b>	<b>(Audited)</b> <b>31 December</b> <b>2020</b> <b>AED</b>
<b>Due from related parties</b>		
Entities under common control	105,296,342	104,397,726
Due from shareholders	2,709,339	1,998,626
	<b>108,005,681</b>	106,396,352
Less: Expected credit losses	<b>(91,307,680)</b>	(91,307,680)
	<b>16,698,001</b>	15,088,672

**11 Basic and diluted (loss) / earnings per share**

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

	<b>Three months period ended</b> <b>31 March (Unaudited)</b>	
	<b>2021</b>	<b>2020</b>
(Loss)/profit for the period (AED)	<b>(6,884,661)</b>	6,566,784
Weighted average number of shares outstanding during the period	<b>230,000,000</b>	230,000,000
(Loss)/earnings per share (AED)	<b>(0.03)</b>	0.03

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

**Al-Sagr National Insurance Company (PSC)**  
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**Notes to the condensed interim financial statements**  
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**12 Segmental information**

	General insurance		Life assurance		Total	
	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
<b>ASSETS</b>						
Property and equipment	85,123,301	85,804,375	90,941	93,875	85,214,242	85,898,250
Investment in associates	130,272,187	135,846,353	-	-	130,272,187	135,846,353
Investment in financial assets at FVTPL	15,295,817	16,035,325	-	-	15,295,817	16,035,325
Investment property	157,931,895	157,931,895	-	-	157,931,895	157,931,895
Insurance receivables	159,160,825	144,571,454	4,153,032	1,128,074	163,313,857	145,699,528
Reinsurer share of outstanding claims	151,911,867	145,290,732	4,127,609	3,588,658	156,039,476	148,879,390
Reinsurer share of IBNR	17,087,069	15,406,964	204,437	629,625	17,291,506	16,036,589
Reinsurer share of unearned premium reserve	65,012,764	53,452,934	483,980	1,536,471	65,496,744	54,989,405
Reinsurer share of mathematical reserve	-	-	1,245,694	1,137,870	1,245,694	1,137,870
Deferred acquisition costs	46,267,257	37,198,583	13,917	140,363	46,281,174	37,338,946
Due from related parties	16,610,551	15,058,126	87,450	30,546	16,698,001	15,088,672
Other receivables and prepayments	7,896,020	6,660,423	-	-	7,896,020	6,660,423
Bank balances and cash	197,083,739	193,185,769	8,500,000	8,500,000	205,583,739	201,685,769
<b>Total assets</b>	<b>1,049,653,292</b>	<b>1,006,442,933</b>	<b>18,907,060</b>	<b>16,785,482</b>	<b>1,068,560,352</b>	<b>1,023,228,415</b>
<b>LIABILITIES</b>						
Provision for employees' end of service indemnity	10,242,034	10,146,995	259,868	254,348	10,501,902	10,401,343
Bank borrowings	34,545,373	47,343,293	-	-	34,545,373	47,343,293
Insurance and other payables	139,069,250	110,726,347	7,324,589	7,454,650	146,393,839	118,180,997
Outstanding claims reserve	185,663,415	188,613,216	4,561,241	4,003,955	190,224,656	192,617,171
Incurred but not reported claims reserve	55,441,001	49,888,519	325,873	693,234	55,766,874	50,581,753
Unearned premium reserve	297,951,056	264,679,662	548,691	1,640,504	298,499,747	266,320,166
Mathematical reserve	-	-	1,255,100	1,146,197	1,255,100	1,146,197
Unexpired risk reserve	536,937	-	180,367	118,641	717,304	118,641
Unallocated loss adjustment expense reserve	3,976,968	3,948,601	130,325	134,761	4,107,293	4,083,362
Deferred commission income	8,409,544	6,961,698	2,668	5,671	8,412,212	6,967,369
Lease liability	4,737,506	5,184,916	-	-	4,737,506	5,184,916
<b>Total liabilities</b>	<b>740,573,084</b>	<b>687,493,247</b>	<b>14,588,722</b>	<b>15,451,961</b>	<b>755,161,806</b>	<b>702,945,208</b>

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**12 Segmental information (continued)**

	General insurance		Life assurance		Total	
	(Unaudited) 31 March 2021 AED	(Unaudited) 31 March 2020 AED	(Unaudited) 31 March 2021 AED	(Unaudited) 31 March 2020 AED	(Unaudited) 31 March 2021 AED	(Unaudited) 31 March 2020 AED
<b>For the three months period ended</b>						
<b>Underwriting income</b>						
Gross premium	167,784,710	123,755,071	217,313	304,851	168,002,023	124,059,922
Less: reinsurance share of gross premium	(41,087,012)	(28,908,036)	(2,656)	(124,935)	(41,089,668)	(29,032,971)
Less: reinsurance share of ceded business premium	(2,739,230)	(2,521,615)	-	-	(2,739,230)	(2,521,615)
<b>Net retained premium</b>	<b>123,958,468</b>	<b>92,325,420</b>	<b>214,657</b>	<b>179,916</b>	<b>124,173,125</b>	<b>92,505,336</b>
Net change in unearned premium reserve	(14,090,736)	(12,785,871)	(84,120)	(269,826)	(14,174,856)	(13,055,697)
<b>Net insurance premium</b>	<b>109,867,732</b>	<b>79,539,549</b>	<b>130,537</b>	<b>(89,910)</b>	<b>109,998,269</b>	<b>79,449,639</b>
Commission earned	5,442,593	4,460,239	14,195	264	5,456,788	4,460,503
Commission incurred	(27,902,854)	(16,054,936)	(96,831)	(3,212)	(27,999,685)	(16,058,148)
Other operational income/(expenses) - net	14,231,127	6,002,531	-	(365)	14,231,127	6,002,166
<b>Gross underwriting income/(expenses)</b>	<b>101,638,598</b>	<b>73,947,383</b>	<b>47,901</b>	<b>(93,223)</b>	<b>101,686,499</b>	<b>73,854,160</b>
Gross claims paid	(113,958,921)	(90,344,910)	(70,354)	-	(114,029,275)	(90,344,910)
Insurance claims recovered from reinsurers	16,336,317	21,494,066	66,851	-	16,403,168	21,494,066
<b>Net claims paid</b>	<b>(97,622,604)</b>	<b>(68,850,844)</b>	<b>(3,503)</b>	<b>-</b>	<b>(97,626,107)</b>	<b>(68,850,844)</b>
Decrease/(increase) in provision for outstanding claims	2,949,771	19,775,283	(557,286)	(1,301)	2,392,515	19,773,982
Increase/(decrease) in reinsurer share of outstanding claims	6,621,134	(1,692,369)	538,952	1,300	7,160,086	(1,691,069)
Increase in unexpired risk reserve	(536,937)	(257,724)	(61,726)	-	(598,663)	(257,724)
(Increase)/decrease in IBNR claims reserve	(3,872,378)	499,531	(57,827)	(17,888)	(3,930,205)	481,643
(Increase)/decrease in mathematical reserve	-	-	(1,079)	1,000	(1,079)	1,000
(Increase)/decrease in unallocated loss adjustment expense reserve	(28,367)	641,751	4,436	5,079	(23,931)	646,830
<b>Net claims incurred</b>	<b>(92,489,381)</b>	<b>(49,884,372)</b>	<b>(138,033)</b>	<b>(11,810)</b>	<b>(92,627,384)</b>	<b>(49,896,182)</b>
<b>Net underwriting income/(expenses)</b>	<b>9,149,217</b>	<b>24,063,011</b>	<b>(90,132)</b>	<b>(105,033)</b>	<b>9,059,115</b>	<b>23,957,978</b>
Net investments loss					(1,430,574)	(5,447,537)
Share of losses from equity accounted investees					(5,574,166)	(2,586,778)
General and administrative expenses*					(8,939,036)	(9,356,879)
<b>(Loss)/profit for the period</b>					<b>(6,884,661)</b>	<b>6,566,784</b>

\* General and administrative expenses amounting to AED 441,972 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
<b>31 March 2021 (Unaudited)</b>				
Investment in financial assets at FVTPL	<u>10,451,740</u>	-	4,844,077	<u>15,295,817</u>
<b>31 December 2020 (Audited)</b>				
Investment in financial assets at FVTPL	<u>11,131,248</u>	-	4,904,077	<u>16,035,325</u>

**14 Contingent liabilities and commitments**

	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
Letters of guarantee	<u>21,638,927</u>	22,108,561

**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 Seasonality of results and impact of COVID-19**

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, the Company is continuing to monitor the impact of COVID-19 on its financial performance. To date, no significant impact on the credit risk or instances of default have been noted by the management. Accordingly, results for the period ended 31 March 2021 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 2021.