

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

Condensed interim financial statements (Unaudited)

For the period ended 31 March 2022

## **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 at 31 March 2022 and the related 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**

**Osama El-Bakry**  
**Registration No. 935**  
**Dubai, United Arab Emirates**

**15 May 2022**

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

**Condensed interim statement of financial position**  
**As at 31 March 2022**

		(Unaudited) 31 March 2022 AED	(Audited) 31 December 2021 AED
<b>ASSETS</b>			
Property and equipment		82,666,405	88,521,494
Investment in associates	4	115,669,145	118,340,804
Investment in financial assets at FVTPL	5	16,006,320	15,587,696
Investment property	6	157,931,895	157,931,895
Insurance receivables		228,639,472	199,194,939
Reinsurer share of outstanding claims reserve		126,332,296	156,949,806
Reinsurer share of incurred but not reported claims reserve		22,149,409	26,313,057
Reinsurer share of unearned premium reserve		96,286,424	73,880,741
Reinsurer share of mathematical reserve		1,150,000	1,149,880
Deferred acquisition costs		27,586,635	24,212,266
Reinsurance share of unexpired risk reserve		-	395,922
Due from related parties	10	16,452,014	15,683,726
Other receivables and prepayments		12,102,765	11,119,028
Bank balances and cash	7	185,957,054	192,309,830
<b>TOTAL ASSETS</b>		<b>1,088,929,834</b>	<b>1,081,591,084</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	20,000,000	20,000,000
Reinsurance reserve	9	1,612,577	1,612,577
Accumulated losses		(101,056,350)	(66,011,660)
<b>Total equity</b>		<b>220,759,433</b>	<b>255,804,123</b>
<b>Liabilities</b>			
Provision for employees' end of service indemnity		7,500,083	7,612,039
Bank borrowings	7	155,365,648	154,550,305
Insurance and other payables		182,921,295	131,342,702
Outstanding claims reserve		165,827,454	205,521,572
Incurred but not reported claims reserve		69,720,367	74,865,138
Unearned premium reserve		254,808,431	218,630,722
Mathematical reserve		1,157,000	1,157,216
Unexpired risk reserve		7,144,402	5,795,710
Unallocated loss adjustment expense reserve		5,461,546	6,337,177
Deferred commission income		15,363,208	11,349,207
Lease liability		2,900,967	8,625,173
<b>Total liabilities</b>		<b>868,170,401</b>	<b>825,786,961</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,088,929,834</b>	<b>1,081,591,084</b>

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Directors on 15 May 2022.

\_\_\_\_\_  
Majid Abdulla Al Sari  
Chairman

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Abdel Muhsen Jaber  
Director and CEO

The notes from 1 to 14 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 2022**

	(Unaudited) Three months period ended 31 March 2022	(Unaudited) Three months period ended 31 March 2021
Note	AED	AED
<b>UNDERWRITING INCOME</b>		
Gross premium	157,683,134	168,002,023
Less: reinsurance share of gross premium	(62,196,527)	(41,089,668)
Less: reinsurance share of ceded business premium	(5,802,710)	(2,739,230)
<b>Net retained premium</b>	<b>89,683,897</b>	<b>124,173,125</b>
Net change in unearned premium reserve	(14,411,658)	(14,174,856)
<b>Net insurance premium</b>	<b>75,272,239</b>	<b>109,998,269</b>
Commission earned	9,626,295	5,456,788
Commission incurred	(17,420,537)	(27,999,685)
Other operational income – net	2,505,676	14,231,127
<b>Gross underwriting income</b>	<b>69,983,673</b>	<b>101,686,499</b>
<b>UNDERWRITING EXPENSES</b>		
Gross claims paid	(153,254,835)	(114,029,275)
Insurance claims recovered from reinsurers	52,145,591	16,403,168
<b>Net claims paid</b>	<b>(101,109,244)</b>	<b>(97,626,107)</b>
Change in provision for outstanding claims reserve	39,694,118	2,392,515
Change in reinsurer share of outstanding claims reserve	(30,617,510)	7,160,086
Change in unexpired risk reserve	(1,744,614)	(598,663)
Change in incurred but not reported claims reserve	981,123	(3,930,205)
Change in mathematical reserve	336	(1,079)
Change in unallocated loss adjustment expense reserve	875,631	(23,931)
<b>Net claims incurred</b>	<b>(91,920,160)</b>	<b>(92,627,384)</b>
<b>UNDERWRITING (LOSS)/INCOME</b>	<b>(21,936,487)</b>	<b>9,059,115</b>
<b>INVESTMENT INCOME</b>		
Net investments gain/(loss)	182,766	(1,224,223)
Share of losses from equity accounted investees	(2,671,659)	(5,574,166)
Finance costs	(789,476)	(206,351)
General and administrative expenses	(9,829,834)	(8,939,036)
<b>LOSS FOR THE PERIOD</b>	<b>(35,044,690)</b>	<b>(6,884,661)</b>
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(35,044,690)</b>	<b>(6,884,661)</b>
Basic and diluted loss per share	11 (0.15)	(0.03)

The notes from 1 to 14 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 2022**

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Accumulated losses AED	Total equity AED
<b>Balance at 1 January 2022 (Audited)</b>	<b>230,000,000</b>	<b>70,203,206</b>	<b>20,000,000</b>	<b>1,612,577</b>	<b>(66,011,660)</b>	<b>255,804,123</b>
Loss for the period	-	-	-	-	<b>(35,044,690)</b>	<b>(35,044,690)</b>
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	<b>(35,044,690)</b>	<b>(35,044,690)</b>
<b>Balance at 31 March 2022 (Unaudited)</b>	<b>230,000,000</b>	<b>70,203,206</b>	<b>20,000,000</b>	<b>1,612,577</b>	<b>(101,056,350)</b>	<b>220,759,433</b>
Balance at 1 January 2021 (Audited)	230,000,000	70,203,206	50,000,000	652,827	(30,572,826)	320,283,207
Loss for the period	-	-	-	-	(6,884,661)	(6,884,661)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(6,884,661)	(6,884,661)
Balance at 31 March 2021 (Unaudited)	230,000,000	70,203,206	50,000,000	652,827	(37,457,487)	313,398,546

The notes from 1 to 14 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 2022**

	(Unaudited) Three months period ended 31 March 2022 AED	(Unaudited) Three months period ended 31 March 2021 AED
<b>OPERATING ACTIVITIES</b>		
Loss for the period	(35,044,690)	(6,884,661)
<i>Adjustments for:</i>		
Net unrealised (gain)/loss from investments in financial assets at FVTPL	(418,624)	626,883
Share of losses from equity accounted investees	2,671,659	5,574,166
Depreciation	897,261	816,957
Finance costs	789,476	206,351
Interest income	(562,581)	(1,184,787)
Dividend income from investment in financial assets at FVTPL	(45,937)	-
Loss on disposal of investment in financial assets at FVTPL	-	11,389
(Gain)/loss on disposal of property and equipment	(18,083)	1,781
Gain on termination of lease liability	(92,830)	-
Provision for employees' end of service benefits	273,000	216,849
Interest on lease liability	34,935	53,793
	<b>(31,516,414)</b>	<b>(561,279)</b>
<i>Changes in operating assets and liabilities:</i>		
Insurance receivables	(29,444,533)	(17,614,329)
Reinsurer share of outstanding claims reserve	30,617,510	(7,160,086)
Reinsurer share of incurred but not reported claims reserve	4,163,648	(1,254,917)
Reinsurer share of unearned premium reserve	(22,405,683)	(10,507,339)
Reinsurer share of mathematical reserve	(120)	(107,824)
Deferred acquisition costs	(3,374,369)	(8,942,228)
Reinsurance share of unexpired risk reserve	395,922	-
Due from related parties	(768,288)	(1,609,329)
Other receivables and prepayments	(983,737)	(1,235,597)
Insurance and other payables	51,578,593	28,212,842
Outstanding claims reserve	(39,694,118)	(2,392,515)
Incurred but not reported claims reserve	(5,144,771)	5,185,121
Unearned premium reserve	36,177,709	32,179,581
Mathematical reserve	(216)	108,903
Unexpired risk reserve	1,348,692	598,663
Unallocated loss adjustment expense reserve	(875,631)	23,931
Deferred commission income	4,014,001	1,444,843
	<b>(5,911,805)</b>	<b>16,368,441</b>
Employees' end of service benefits paid	(384,956)	(116,290)
<b>Net cash (used in)/generated from operating activities</b>	<b>(6,296,761)</b>	<b>16,252,151</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(257,697)	(134,730)
Net proceeds from sale of equipment	68,500	-
Net proceeds from sale of investment in financial assets at FVTPL	-	101,236
Interest received	562,581	1,184,787
Dividend received from investment in financial assets at FVTPL	45,937	-
<b>Net cash generated from investing activities</b>	<b>419,321</b>	<b>1,151,293</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(789,476)	(206,351)
Payment of lease liability	(501,203)	(501,203)
<b>Net cash used in financing activities</b>	<b>(1,290,679)</b>	<b>(707,554)</b>
<b>Net change in cash and cash equivalents</b>	<b>(7,168,119)</b>	<b>16,695,890</b>
Cash and cash equivalents, beginning of period	37,759,525	154,342,476
<b>Cash and cash equivalents, end of period</b>	<b>30,591,406</b>	<b>171,038,366</b>

The notes from 1 to 14 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 2022

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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.

Federal Law By Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 with an effective date of 2 January 2022, and will entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

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 2022 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 2021. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

### **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 2021.

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 2021, 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 statement of comprehensive income. 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.

#### ***Valuation of investment property***

The fair value of investment property was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides 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 2022

**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 2022 AED	(Audited) 31 December 2021 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, K.S.A	<u>115,502,429</u>	118,174,088
	<u>115,669,145</u>	<u>118,340,804</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 2022, the Company hold 26% shares of Al Sagr Cooperative Insurance Company, K.S.A ("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, K.S.A under the equity method as follows:

	(Unaudited) 31 March 2022 AED	(Audited) 31 December 2021 AED
At the beginning of the period/year	118,174,088	135,679,637
Company's share of net losses for the period/year	<u>(2,671,659)</u>	<u>(17,505,549)</u>
At the end of the period/year	<u>115,502,429</u>	<u>118,174,088</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 2022**

**5 Investment in financial assets at fair value through profit and loss (FVTPL)**

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

	(Unaudited) 31 March 2022 AED	(Audited) 31 December 2021 AED
At the beginning of the period/year	15,587,696	16,035,325
Additions during the period/year	-	514,916
Net disposals during the period/year	-	(463,657)
Changes in fair value during the period/year	418,624	(498,888)
At the end of the period/year	<u>16,006,320</u>	<u>15,587,696</u>

All investments are held within U.A.E. except for investments at FVTPL amounting to AED 0.1 million (31 December 2021: AED 0.1 million).

**6 Investment property**

	(Unaudited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Investment property	<u>157,931,895</u>	<u>157,931,895</u>

Investment property is located in Al Barsha First, Dubai. The fair value of the property is based on valuation performed by accredited independent valuer as at 31 December 2021. Management have reviewed the fair value of investment property as at 31 March 2022 and are of the opinion that there is no significant change in the fair value compared to previous valuation carried at 31 December 2021.

**7 Bank balances and cash**

	(Unaudited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Cash in hand	78,100	73,053
<b>Bank balances:</b>		
Current accounts	13,599,483	1,356,695
Fixed deposits	172,313,452	190,914,063
Less: Expected credit losses	(33,981)	(33,981)
	<u>185,957,054</u>	<u>192,309,830</u>

Fixed deposits with banks as at 31 March 2022 include AED 10.3 million (31 December 2021: 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 the Central Bank of UAE.

All fixed deposits with banks mature within different periods not exceeding one year from the financial date of deposit including deposits of AED 172.3 million (31 December 2021: 190.9 million) maturing after three months period. All deposits carry interest rates between 1% to 3% per annum (31 December 2021: 1% to 3% per annum).

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

**Notes to the condensed interim financial statements**  
**For the period ended 31 March 2022**

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

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

	(Unaudited) 31 March 2022 AED	(Audited) 31 December 2021 AED	(Unaudited) 31 March 2021 AED
Cash and bank balances	185,957,054	192,309,830	205,583,739
Bank borrowings	(155,365,648)	(154,550,305)	(34,545,373)
Cash and cash equivalents	<u>30,591,406</u>	<u>37,759,525</u>	<u>171,038,366</u>

The Company has bank facilities in the form of overdrafts repayable upon demand and bearing interest ranging from 1.25% to 3.65% per annum (31 December 2021: 1.25% to 3.65%). These facilities are secured by lien on fixed deposits amounting to AED 158.4 million (31 December 2021: AED 158.4 million).

**8 Share capital**

	(Unaudited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Issued and fully paid 230,000,000 shares of AED 1 each (31 December 2021: 230,000,000 share of AED 1 each)	<u>230,000,000</u>	<u>230,000,000</u>

**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 2021: Nil).

*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/from the general reserves (31 December 2021: Nil).

*Reinsurance reserve*

In accordance with CBUAE of Board of Directors' Decision No. 23, Article 34, an amount of AED 1 million based on reinsurance share of premium at a rate of 0.5% was transferred from retained earnings to reinsurance reserve during the year ended 31 December 2021. The reserve is not available for distribution and will not be disposed of without prior approval from Central bank of UAE.

**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. Key management personnel comprise of Chief executive officer, Senior vice president and Director.

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

Notes to the condensed interim financial statements  
For the period ended 31 March 2022

**10 Related parties (continued)**

*Transactions with related parties*

	(Unaudited) Three months period ended 31 March 2022 AED	(Unaudited) Three months period ended 31 March 2021 AED
<i>Entities under common control</i>		
Gross premiums	1,209,991	1,136,632
Claims paid	(123,815)	(252,934)
<i>Key managerial personnel remuneration</i>		
Salaries and benefits	779,073	673,185

*Related parties' balances*

	(Unaudited) 31 March 2022 AED	(Audited) 31 December 2021 AED
<b>Due from related parties</b>		
Entities under common control	105,339,820	104,752,832
Due from shareholders	1,219,874	1,038,574
	106,559,694	105,791,406
Less: Expected credit losses	(90,107,680)	(90,107,680)
	16,452,014	15,683,726

**11 Basic and diluted loss per share**

Basic loss per share are calculated by dividing the loss 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)	
	2022	2021
Loss for the period (AED)	(35,044,690)	(6,884,661)
Weighted average number of shares outstanding during the period	230,000,000	230,000,000
Loss per share – basic (AED)	(0.15)	(0.03)

The Company does not have potentially diluted shares and accordingly, diluted loss per share equals basic loss 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 2022**

**12 Segmental information**

	General insurance		Life assurance		Total	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	AED	AED	AED	AED	AED	AED
<b>ASSETS</b>						
Property and equipment	82,587,199	88,439,354	79,206	82,140	82,666,405	88,521,494
Investment in associates	115,669,145	118,340,804	-	-	115,669,145	118,340,804
Investment in financial assets at FVTPL	16,006,320	15,587,696	-	-	16,006,320	15,587,696
Investment property	157,931,895	157,931,895	-	-	157,931,895	157,931,895
Insurance receivables	227,294,733	198,240,261	1,344,739	954,678	228,639,472	199,194,939
Reinsurer share of outstanding claims reserve	125,932,406	156,525,864	399,890	423,942	126,332,296	156,949,806
Reinsurer share of IBNR reserve	22,028,409	26,192,441	121,000	120,616	22,149,409	26,313,057
Reinsurer share of unearned premium reserve	95,886,859	73,494,684	399,565	386,057	96,286,424	73,880,741
Reinsurer share of mathematical reserve	-	-	1,150,000	1,149,880	1,150,000	1,149,880
Deferred acquisition costs	27,581,845	24,194,937	4,790	17,329	27,586,635	24,212,266
Reinsurance share of unexpired risk reserve	-	661,824	-	(265,902)	-	395,922
Due from related parties	16,342,697	15,649,076	109,317	34,650	16,452,014	15,683,726
Other receivables and prepayments	12,102,765	11,119,028	-	-	12,102,765	11,119,028
Bank balances and cash	177,457,054	183,809,830	8,500,000	8,500,000	185,957,054	192,309,830
<b>Total assets</b>	<b>1,076,821,327</b>	<b>1,070,187,694</b>	<b>12,108,507</b>	<b>11,403,390</b>	<b>1,088,929,834</b>	<b>1,081,591,084</b>
<b>LIABILITIES</b>						
Provision for employees' end of service indemnity	7,234,695	7,352,171	265,388	259,868	7,500,083	7,612,039
Bank borrowings	155,365,648	154,550,305	-	-	155,365,648	154,550,305
Insurance and other payables	181,381,144	129,795,765	1,540,151	1,546,937	182,921,295	131,342,702
Outstanding claims reserve	165,384,208	205,048,159	443,246	473,413	165,827,454	205,521,572
Incurred but not reported claims reserve	69,587,367	74,732,265	133,000	132,873	69,720,367	74,865,138
Unearned premium reserve	254,382,619	218,213,665	425,812	417,057	254,808,431	218,630,722
Mathematical reserve	-	-	1,157,000	1,157,216	1,157,000	1,157,216
Unexpired risk reserve	7,144,402	5,758,632	-	37,078	7,144,402	5,795,710
Unallocated loss adjustment expense reserve	5,443,815	6,318,698	17,731	18,479	5,461,546	6,337,177
Deferred commission income	15,363,208	11,344,149	-	5,058	15,363,208	11,349,207
Lease liabilities	2,900,967	8,625,173	-	-	2,900,967	8,625,173
<b>Total liabilities</b>	<b>864,188,073</b>	<b>821,738,982</b>	<b>3,982,328</b>	<b>4,047,979</b>	<b>868,170,401</b>	<b>825,786,961</b>

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

**Notes to the condensed interim financial statements**  
**For the period ended 31 March 2022**

**12 Segmental information (continued)**

	General insurance		Life assurance		Total	
	(Unaudited) 31 March 2022 AED	(Unaudited) 31 March 2021 AED	(Unaudited) 31 March 2022 AED	(Unaudited) 31 March 2021 AED	(Unaudited) 31 March 2022 AED	(Unaudited) 31 March 2021 AED
<b>For the three months period ended</b>						
<b>Underwriting income</b>						
Gross premium	157,141,916	167,784,710	541,218	217,313	157,683,134	168,002,023
Less: reinsurance share of gross premium	(61,700,565)	(41,087,012)	(495,962)	(2,656)	(62,196,527)	(41,089,668)
Less: reinsurance share of ceded business premium	(5,802,710)	(2,739,230)	-	-	(5,802,710)	(2,739,230)
<b>Net retained premium</b>	<b>89,638,641</b>	<b>123,958,468</b>	<b>45,256</b>	<b>214,657</b>	<b>89,683,897</b>	<b>124,173,125</b>
Net change in unearned premium reserve	(14,408,930)	(14,090,736)	(2,728)	(84,120)	(14,411,658)	(14,174,856)
<b>Net insurance premium</b>	<b>75,229,711</b>	<b>109,867,732</b>	<b>42,528</b>	<b>130,537</b>	<b>75,272,239</b>	<b>109,998,269</b>
Commission earned	9,625,925	5,442,593	370	14,195	9,626,295	5,456,788
Commission incurred	(17,415,186)	(27,902,854)	(5,351)	(96,831)	(17,420,537)	(27,999,685)
Other operational income- net	2,267,078	14,231,127	238,598	-	2,505,676	14,231,127
<b>Gross underwriting income</b>	<b>69,707,528</b>	<b>101,638,598</b>	<b>276,145</b>	<b>47,901</b>	<b>69,983,673</b>	<b>101,686,499</b>
Gross claims paid	(153,221,174)	(113,958,921)	(33,661)	(70,354)	(153,254,835)	(114,029,275)
Insurance claims recovered from reinsurers	52,118,420	16,336,317	27,171	66,851	52,145,591	16,403,168
<b>Net claims paid</b>	<b>(101,102,754)</b>	<b>(97,622,604)</b>	<b>(6,490)</b>	<b>(3,503)</b>	<b>(101,109,244)</b>	<b>(97,626,107)</b>
Change in provision for outstanding claims reserve	39,663,952	2,949,771	30,166	(557,256)	39,694,118	2,392,515
Change in reinsurer share of outstanding claims reserve	(30,593,458)	6,621,134	(24,052)	538,952	(30,617,510)	7,160,086
Change in unexpired risk reserve	(2,047,594)	(536,937)	302,980	(61,726)	(1,744,614)	(598,663)
Change in IBNR claims reserve	980,865	(3,872,378)	258	(57,827)	981,123	(3,930,205)
Change in mathematical reserve	-	-	336	(1,079)	336	(1,079)
Change in unallocated loss adjustment expense reserve	874,883	(28,367)	748	4,436	875,631	(23,931)
<b>Net claims incurred</b>	<b>(92,224,106)</b>	<b>(92,489,381)</b>	<b>303,946</b>	<b>(138,003)</b>	<b>(91,920,160)</b>	<b>(92,627,384)</b>
<b>Underwriting (loss)/ income</b>	<b>(22,516,578)</b>	<b>9,149,217</b>	<b>580,091</b>	<b>(90,102)</b>	<b>(21,936,487)</b>	<b>9,059,115</b>
Net investments gain/(loss)					182,766	(1,224,223)
Share of losses from equity accounted investees					(2,671,659)	(5,574,166)
Finance costs					(789,476)	(206,351)
General and administrative expenses*					(9,829,834)	(8,939,036)
<b>Loss for the period</b>					<b>(35,044,690)</b>	<b>(6,884,661)</b>

\* General and administrative expenses amounting to AED 487,969 have been allocated to life assurance.

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

**Notes to the condensed interim financial statements**  
**For the period ended 31 March 2022**

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**13 Fair value measurement**

Financial assets measured at fair value in the condensed interim 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 3 AED	Total AED
<b>31 March 2022 (Unaudited)</b>			
Investment in financial assets at FVTPL	<u>15,168,169</u>	<u>838,151</u>	<u>16,006,320</u>
<b>31 December 2021 (Audited)</b>			
Investment in financial assets at FVTPL	<u>14,793,563</u>	<u>794,133</u>	<u>15,587,696</u>

**14 Contingent liabilities and commitments**

	(Unaudited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Letters of guarantee	<u>14,267,485</u>	<u>15,831,735</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.