

Al-Sagr National Insurance Company (PSC)

Condensed interim financial statements (Unaudited)

For the period ended 30 June 2020

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**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 30 June 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 six 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, 13 August 2020**



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

Condensed interim statement of financial position
As at 30 June 2020

	Notes	(Unaudited) 30 June 2020 AED	(Audited) 31 December 2019 AED
ASSETS			
Property and equipment		86,940,160	88,512,633
Investment in associates	4	138,391,074	153,961,359
Investment in financial assets at FVTPL	5	15,893,814	19,621,417
Investment properties	6	150,481,870	130,955,617
Insurance receivables		147,921,958	132,038,020
Reinsurer share of outstanding claims		159,468,436	32,581,148
Reinsurer share of incurred but not reported claims		13,087,211	17,046,000
Reinsurer share of unearned premium reserve		56,896,528	65,507,000
Reinsurer share of mathematical reserve		1,346,103	1,180,000
Reinsurer share of unexpired risk reserve		1,038,020	-
Due from related parties	10	36,144,885	35,744,437
Other receivables and prepayments		10,535,712	16,570,570
Cash and bank balances	7	202,714,160	202,728,762
TOTAL ASSETS		1,020,859,931	896,446,963
EQUITY AND LIABILITIES			
Equity			
Share capital		230,000,000	230,000,000
Statutory reserve	8	69,628,437	69,628,437
General reserve	9	50,000,000	100,000,000
Retained earnings/(accumulated losses)		14,302,651	(43,621,897)
Total equity		363,931,088	356,006,540
Liabilities			
Due to related parties	10	78,590	79,274
Provision for employees' end of service indemnity		10,776,603	11,134,615
Bank borrowings	7	80,593,260	81,313,163
Insurance and other payables		107,635,488	107,393,631
Outstanding claims reserve		187,642,362	76,784,661
Incurred but not reported claims reserve		45,038,222	49,307,000
Unearned premium reserve		211,765,317	202,324,000
Mathematical reserve		1,355,689	1,190,000
Unexpired risk reserve		2,292,936	-
Unallocated loss adjustment expense reserve		3,684,378	3,985,000
Lease liability		6,065,998	6,929,079
Total liabilities		656,928,843	540,440,423
TOTAL EQUITY AND LIABILITIES		1,020,859,931	896,446,963

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Directors on 13 August 2020.


Majid Abdulla Al Sari
Chairman


Abdul 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 30 June 2020

	(Unaudited) Three months period ended 30 June 2020 AED	(Unaudited) Three months period ended 30 June 2019 AED	(Unaudited) Six months period ended 30 June 2020 AED	(Unaudited) Six months period ended 30 June 2019 AED
UNDERWRITING INCOME				
Gross premium	113,697,440	109,099,725	237,757,362	214,451,234
Less: reinsurance share of gross premium	(27,199,793)	(44,693,391)	(56,232,764)	(79,265,849)
Less: reinsurance share of ceded business premium	(3,469,272)	(241,252)	(5,990,887)	(1,476,694)
Net retained premium	83,028,375	64,165,082	175,533,711	133,708,691
Net change in unearned premium reserve	(4,996,092)	(8,238,000)	(18,051,789)	(16,286,000)
Net insurance premium	78,032,283	55,927,082	157,481,922	117,422,691
Commission earned	3,342,504	8,058,490	7,803,007	12,575,759
Commission incurred	(14,217,620)	(7,935,084)	(30,275,768)	(18,828,384)
Other operational income - net	58,430	4,297,767	6,060,596	14,262,570
Gross underwriting income	67,215,597	60,348,255	141,069,757	125,432,636
UNDERWRITING EXPENSES				
Gross claims paid	(49,388,460)	(49,212,685)	(139,733,370)	(113,615,930)
Insurance claims recovered from reinsurers	12,230,982	19,639,301	33,725,048	44,162,788
Net claims paid	(37,157,478)	(29,573,384)	(106,008,322)	(69,453,142)
(Increase)/decrease in provision for outstanding claims	(130,631,687)	(3,769,569)	(110,857,705)	552,532
Increase/(decrease) in reinsurer share of outstanding claims	128,578,357	(7,674,212)	126,887,288	(12,686,795)
(Increase)/decrease in unexpired risk reserve	(997,192)	384,000	(1,254,916)	(790,000)
(Increase)/decrease in incurred but not reported claims reserve	(171,654)	(487,000)	309,989	(1,431,000)
(Increase)/decrease in mathematical reserve	(586)	-	414	-
(Increase)/decrease in unallocated loss adjustment expense reserve	(346,208)	(261,000)	300,622	(1,727,000)
Net claims incurred	(40,726,448)	(41,381,165)	(90,622,630)	(85,535,405)
UNDERWRITING INCOME	26,489,149	18,967,090	50,447,127	39,897,231
INVESTMENT INCOME				
Net investments loss	(1,096,484)	(2,100,882)	(6,544,021)	(3,714,293)
Share of (losses)/profits from equity accounted investees	(12,983,507)	90,070	(15,570,285)	(3,171,007)
General and administrative expenses	(9,556,394)	(10,900,761)	(18,913,273)	(20,534,322)
PROFIT FOR THE PERIOD	2,852,764	6,055,517	9,419,548	12,477,609
Basic and diluted earnings per share (note 11)	0.01	0.03	0.04	0.05

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 30 June 2020

	(Unaudited) Three months period ended 30 June 2020 AED	(Unaudited) Three months period ended 30 June 2019 AED	(Unaudited) Six months period ended 30 June 2020 AED	(Unaudited) Six months period ended 30 June 2019 AED
Profit for the period	2,852,764	6,055,517	9,419,548	12,477,609
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,852,764	6,055,517	9,419,548	12,477,609

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 30 June 2020

	Share capital AED	Statutory reserve AED	General reserve AED	Retained earnings/ (accumulated losses) 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	-	-	-	9,419,548	9,419,548
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	9,419,548	9,419,548
Transfer from general reserve to retained earnings (note 9)	-	-	(50,000,000)	50,000,000	-
Directors fees paid	-	-	-	(1,495,000)	(1,495,000)
Balance at 30 June 2020 (Unaudited)	230,000,000	69,628,437	50,000,000	14,302,651	363,931,088
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 (Unaudited)	230,000,000	69,148,174	100,000,000	(34,694,261)	364,453,913
Profit for the period	-	-	-	12,477,609	12,477,609
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	12,477,609	12,477,609
Dividends paid (note 15)	-	-	-	(11,500,000)	(11,500,000)
Directors fees paid	-	-	-	(1,750,000)	(1,750,000)
Balance at 30 June 2019 (Unaudited)	230,000,000	69,148,174	100,000,000	(35,466,652)	363,681,522

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 30 June 2020

	(Unaudited) Six months period ended 30 June 2020	(Unaudited) Six months period ended 30 June 2019
Notes	AED	AED
OPERATING ACTIVITIES		
Profit for the period	9,419,548	12,477,609
<i>Adjustment for:</i>		
Depreciation	1,638,657	1,645,461
Net unrealised loss from investments in financial assets at FVTPL	5 3,727,603	469,490
Gain on disposal of investments in financial assets at FVTPL	-	(83,443)
Interest income	(3,264,384)	(3,612,335)
Dividend income	5 (176,212)	(295,620)
Share of losses from equity accounted investees	4 15,570,285	3,171,007
Provision for employees' end of service benefits	977,251	551,760
Finance costs	1,603,268	2,094,618
Interest on lease liability	139,324	175,710
	29,635,340	16,594,257
<i>Changes in operating assets and liabilities:</i>		
Insurance receivables	(15,883,938)	(34,381,928)
Reinsurer share of outstanding claims	(126,887,288)	12,686,795
Reinsurer share of incurred but not reported claims	3,958,789	(1,663,000)
Reinsurer share of unearned premium reserve	8,610,472	(19,199,000)
Reinsurer share of mathematical reserve	(166,103)	-
Reinsurer share of unexpired risk reserve	(1,038,020)	-
Due from related parties	(400,448)	3,327,825
Other receivables and prepayments	6,034,858	(2,328,563)
Due to related parties	(684)	-
Insurance and other payables	241,857	21,163,397
Outstanding claims reserve	110,857,701	(554,533)
Incurred but not reported claims reserve	(4,268,778)	3,094,000
Unearned premium reserve	9,441,317	35,485,000
Mathematical reserve	165,689	-
Unexpired risk reserve	2,292,936	790,000
Unallocated loss adjustment expense reserve	(300,622)	1,729,000
	22,293,078	36,743,250
Employees' end of service benefits paid	(1,335,263)	(3,929,243)
Net cash generated from operating activities	20,957,815	32,814,007
INVESTING ACTIVITIES		
Purchase of property and equipment	(66,184)	(824,788)
Addition in investment properties	6 (19,526,253)	(11,725,687)
Net proceeds from sale of investment in financial assets at FVTPL	-	821,264
Dividends received	176,212	295,620
Interest received	3,264,384	3,612,335
Net cash used in investing activities	(16,151,841)	(7,821,256)
FINANCING ACTIVITIES		
Interest paid	(1,603,268)	(2,094,618)
Dividend paid	15 -	(11,500,000)
Directors fees paid	(1,495,000)	(1,750,000)
Payment of lease liability	(1,002,405)	(1,002,009)
Net cash used in financing activities	(4,100,673)	(16,346,627)
Net change in cash and cash equivalents	705,301	8,646,124
Cash and cash equivalents, beginning of period	121,415,599	105,635,447
Cash and cash equivalents, end of period	7 122,120,900	114,281,571

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 30 June 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 six months period ended 30 June 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 30 June 2020

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) 30 June 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	138,224,358	153,794,643
	<u>138,391,074</u>	<u>153,961,359</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 main activity of the Company is general trading. The remaining 50% ownership is owned by the Parent Company.

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

As at 30 June 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) 30 June 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	(15,570,285)	(9,930,684)
Balance at the end	<u>138,224,358</u>	<u>153,794,643</u>

Al-Sagr National Insurance Company (PSC)
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Notes to the condensed interim financial statements
For the period ended 30 June 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) 30 June 2020 AED	(Audited) 31 December 2019 AED
Investment in financial assets at FVTPL	<u>15,893,814</u>	<u>19,621,417</u>

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

	(Unaudited) 30 June 2020 AED	(Audited) 31 December 2019 AED
At the beginning of the period/year	19,621,417	28,221,755
Disposal during the period/year	-	(737,821)
Decrease in fair value during the period/year	(3,727,603)	(7,862,517)
At the end of the period/year	<u>15,893,814</u>	<u>19,621,417</u>

The revaluation of investment securities resulted in net unrealised loss of AED 3,727,603 for the six-months period ended 30 June 2020 (six-months period ended 30 June 2019: net unrealised loss of AED 469,490). During the current period, Company received dividend income of AED 176,212 (six-months period ended 30 June 2019: AED 295,620) on its investments in securities.

6 Investment properties

	(Unaudited) 30 June 2020 AED	(Audited) 31 December 2019 AED
At the beginning of the period/year	130,955,617	180,748,509
Additions during the period/year	19,526,253	26,957,914
Transferred to property and equipment	-	(76,750,806)
At the end of the period/year	<u>150,481,870</u>	<u>130,955,617</u>

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 150.48 million (31 December 2019: AED 130.96 million) and the additions 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 30 June 2020

7 Cash and cash equivalents

	(Unaudited) 30 June 2020 AED	(Audited) 31 December 2019 AED
Cash in hand	125,574	180,689
Bank balances:		
Current accounts	13,763,667	3,362,818
Fixed deposits	188,858,900	199,219,236
Less: expected credit losses	(33,981)	(33,981)
	<u>202,714,160</u>	<u>202,728,762</u>

Fixed deposits with banks as at 30 June 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 120.45 million maturing after three months period. All the 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) 30 June 2020 AED	(Unaudited) 30 June 2019 AED	(Audited) 31 December 2019 AED
Cash and bank balances	202,714,160	213,868,901	202,728,762
Bank borrowings	(80,593,260)	(99,587,330)	(81,313,163)
	<u>122,120,900</u>	<u>114,281,571</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 4.5%). 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) 30 June 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>	<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 2019: AED 0.5 million).

Al-Sagr National Insurance Company (PSC)
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Notes to the condensed interim financial statements
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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. During the period no transfers were made to the general reserves (31 December 2019: 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.

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) Six months period ended 30 June 2020 AED	(Unaudited) Six months period ended 30 June 2019 AED
Gross premiums	1,645,166	1,541,142
Claims paid	(595,393)	(1,283,985)
<i>Key managerial personnel remuneration</i>		
Salaries and benefits	(1,246,770)	(2,041,032)

Related party balances

	(Unaudited) 30 June 2020 AED	(Audited) 31 December 2019 AED
Due from related parties		
Entities under common control	104,898,801	103,890,705
Due from shareholders	2,553,764	3,161,412
	107,452,565	107,052,117
Less: expected credit losses	(71,307,680)	(71,307,680)
	36,144,885	35,744,437
Due to related parties		
Entities under common control	78,590	79,274

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

Notes to the condensed interim financial statements
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11 Basic and diluted earnings per share

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

	Three months period ended		Six months period ended	
	30 June (Unaudited)		30 June (Unaudited)	
	2020	2019	2020	2019
Profit for the period (AED)	2,852,764	6,055,517	9,419,548	12,477,609
Weighted average number of shares outstanding during the period	230,000,000	230,000,000	230,000,000	230,000,000
Earnings per share (AED)	0.01	0.03	0.04	0.05

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

12 Segmental information

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

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

Notes to the condensed interim financial statements
For the period ended 30 June 2020

12 Segmental information (continued)

	General insurance		Life assurance		Total	
	(Unaudited) 30 June 2020 AED	(Audited) 31 December 2019 AED	(Unaudited) 30 June 2020 AED	(Audited) 31 December 2019 AED	(Unaudited) 30 June 2020 AED	(Audited) 31 December 2019 AED
ASSETS						
Property and equipment	86,839,578	88,405,347	100,582	107,286	86,940,160	88,512,633
Investment in associates	138,391,074	153,961,359	-	-	138,391,074	153,961,359
Investment in financial assets at FVTPL	15,893,814	19,621,417	-	-	15,893,814	19,621,417
Investment properties	150,481,870	130,955,617	-	-	150,481,870	130,955,617
Insurance receivables	144,290,359	128,638,765	3,631,599	3,399,255	147,921,958	132,038,020
Reinsurer share of outstanding claims	156,162,236	30,175,883	3,306,200	2,405,265	159,468,436	32,581,148
Reinsurer share of incurred but not reported claims	12,593,908	16,145,000	493,303	901,000	13,087,211	17,046,000
Reinsurer share of unearned premium reserve	53,076,139	62,852,000	3,820,389	2,655,000	56,896,528	65,507,000
Reinsurer share of mathematical reserve	-	-	1,346,103	1,180,000	1,346,103	1,180,000
Reinsurer share of unexpired risk reserve	1,038,020	-	-	-	1,038,020	-
Due from related parties	35,825,503	35,458,516	319,382	285,921	36,144,885	35,744,437
Other receivables and prepayments	10,535,712	16,570,570	-	-	10,535,712	16,570,570
Cash and bank balances	194,214,160	194,228,762	8,500,000	8,500,000	202,714,160	202,728,762
Total assets	999,342,373	877,013,236	21,517,558	19,433,727	1,020,859,931	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	10,556,419	11,134,615	220,184	-	10,776,603	11,134,615
Bank borrowings	80,593,260	81,313,163	-	-	80,593,260	81,313,163
Insurance and other payables	101,633,776	102,623,490	6,001,712	4,770,141	107,635,488	107,393,631
Outstanding claims reserve	184,018,753	74,110,905	3,623,609	2,673,756	187,642,362	76,784,661
Incurred but not reported claims reserve	44,457,421	48,350,000	580,801	957,000	45,038,222	49,307,000
Unearned premium reserve	207,981,915	199,781,000	3,783,402	2,543,000	211,765,317	202,324,000
Mathematical reserve	-	-	1,355,689	1,190,000	1,355,689	1,190,000
Unexpired risk reserve	2,292,936	-	-	-	2,292,936	-
Unallocated loss adjustment expense reserve	3,564,748	3,870,000	119,630	115,000	3,684,378	3,985,000
Lease liability	6,065,998	6,929,079	-	-	6,065,998	6,929,079
Total liabilities	641,243,816	528,164,960	15,685,027	12,275,463	656,928,843	540,440,423

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12 Segmental information (continued)

	General insurance		Life assurance		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
For the six months period ended	AED	AED	AED	AED	AED	AED
Underwriting income						
Gross premium	232,623,121	205,712,136	5,134,241	8,739,098	237,757,362	214,451,234
Less: reinsurance share of gross premium	(51,592,941)	(70,787,535)	(4,639,823)	(8,478,314)	(56,232,764)	(79,265,849)
Less: reinsurance share of ceded business premium	(5,990,887)	(1,476,694)	-	-	(5,990,887)	(1,476,694)
Net retained premium	175,039,293	133,447,907	494,418	260,784	175,533,711	133,708,691
Net change in unearned premium reserve	(17,976,776)	(16,636,000)	(75,013)	350,000	(18,051,789)	(16,286,000)
Net insurance premium	157,062,517	116,811,907	419,405	610,784	157,481,922	117,422,691
Commission earned	7,801,378	8,295,482	1,629	4,280,277	7,803,007	12,575,759
Commission incurred	(29,820,286)	(18,010,153)	(455,482)	(818,231)	(30,275,768)	(18,828,384)
Other operational income - net	4,452,128	9,985,903	1,608,468	4,276,667	6,060,596	14,262,570
Gross underwriting income	139,495,737	117,083,139	1,574,020	8,349,497	141,069,757	125,432,636
Gross claims paid	(139,732,969)	(111,948,990)	(401)	(1,666,940)	(139,733,370)	(113,615,930)
Insurance claims recovered from reinsurers	33,724,707	42,678,171	341	1,484,617	33,725,048	44,162,788
Net claims paid	(106,008,262)	(69,270,819)	(60)	(182,323)	(106,008,322)	(69,453,142)
(Increase)/(decrease) in provision for outstanding claims	(109,907,852)	(1,128,951)	(949,853)	1,681,483	(110,857,705)	552,532
Increase/(decrease) in reinsurer share of outstanding claims	125,986,353	(11,186,449)	900,935	(1,500,346)	126,887,288	(12,686,795)
Increase in unexpired risk reserve	(1,254,916)	(278,000)	-	(512,000)	(1,254,916)	(790,000)
Decrease/(increase) in incurred but not reported claims reserve	341,486	(1,459,000)	(31,497)	28,000	309,989	(1,431,000)
Decrease in mathematical reserve	-	-	414	-	414	-
Decrease/(increase) in unallocated loss adjustment expense reserve	305,252	(1,704,000)	(4,630)	(23,000)	300,622	(1,727,000)
Net claims incurred	(90,537,939)	(85,027,219)	(84,691)	(508,186)	(90,622,630)	(85,535,405)
Net underwriting income	48,957,798	36,332,587	1,489,329	3,564,644	50,447,127	39,897,231
Net investments (loss)/income					(6,544,021)	(3,714,293)
Share of losses from equity accounted investees					(15,570,285)	(3,171,007)
General and administrative expenses					(18,913,273)	(20,534,322)
Profit for the period					9,419,548	12,477,609

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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
30 June 2020 (Unaudited)				
Investment in financial assets at FVTPL	10,989,737	-	4,904,077	15,893,814
31 December 2019 (Audited)				
Investment in financial assets at FVTPL	14,125,340	-	5,496,077	19,621,417

14 Contingent liabilities and commitments

	(Unaudited) 30 June 2020 AED	(Audited) 31 December 2019 AED
Letters of guarantee	18,462,179	17,943,808

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. Further, the Company is continuing to monitor the impact of COVID-19 on its financial performance. To date, there has been no significant impact identified on the credit risk or instances of default. Accordingly, results for the period ended 30 June 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-months period ended</u> <u>30 June 2019</u>	Previously reported AED	Reclassification AED	Reclassified AED
Gross premium	107,860,086	1,239,639	109,099,725
Commission earned	13,595,896	(5,537,406)	8,058,490
Other operational income - net	-	4,297,767	4,297,767
Net investments income/(loss)	622,481	(2,723,363)	(2,100,882)
General and administrative expenses	(13,624,124)	2,723,363	(10,900,761)

<u>For the six-months period ended</u> <u>30 June 2019</u>	Previously reported AED	Reclassification AED	Reclassified AED
Gross premium	211,649,419	2,801,815	214,451,234
Commission earned	29,640,144	(17,064,385)	12,575,759
Other operational income - net	-	14,262,570	14,262,570
Net investments income/(loss)	1,419,287	(5,133,580)	(3,714,293)
General and administrative expenses	(25,667,902)	5,133,580	(20,534,322)