

Al-Sagr National Insurance Company (PSC)

Condensed interim financial statements (Unaudited)

For the period ended 30 June 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 30 June 2022 and the related condensed interim statement of comprehensive income for the three months and six months period then ended, 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
Dr. Osama El-Bakry



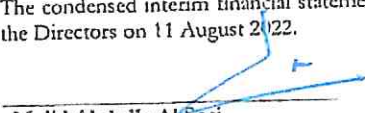
**Registration No: 935
Dubai, United Arab Emirates
11 August 2022**

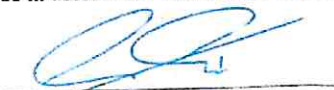
Al-Sagr National Insurance Company (PSC)
Condensed interim financial statements (Unaudited)

Condensed interim statement of financial position
As at 30 June 2022

		(Unaudited) 30 June 2022 AED	(Audited) 31 December 2021 AED
	Notes		
ASSETS			
Property and equipment		81,954,088	88,521,494
Investment in associates	4	115,669,145	118,340,804
Investment in financial assets at FVTPL	5	18,945,057	15,587,696
Investment property	6	157,931,895	157,931,895
Insurance receivables		225,594,958	199,194,939
Reinsurer share of outstanding claims reserve		126,122,985	156,949,806
Reinsurer share of incurred but not reported claims reserve		23,148,412	26,313,057
Reinsurer share of unearned premium reserve		89,569,782	73,880,741
Reinsurer share of mathematical reserve		1,150,000	1,149,880
Deferred acquisition costs		30,241,378	24,212,266
Reinsurance share of unexpired risk reserve		-	395,922
Due from related parties	10	16,558,694	15,683,726
Other receivables and prepayments		10,542,817	11,119,028
Bank balances and cash	7	187,341,875	192,309,830
TOTAL ASSETS		1,084,771,086	1,081,591,084
EQUITY AND LIABILITIES			
Equity			
Share capital	8	230,000,000	230,000,000
Statutory reserve	9	70,203,206	70,203,206
General reserve	9	-	20,000,000
Reinsurance reserve	9	1,612,577	1,612,577
Accumulated losses		(94,626,844)	(66,011,660)
Total equity		207,188,939	255,804,123
Liabilities			
Provision for employees' end of service indemnity		6,840,675	7,612,039
Bank borrowings	7	174,809,981	154,550,305
Insurance and other payables		155,471,708	131,342,702
Outstanding claims reserve		164,243,576	205,521,572
Incurred but not reported claims reserve		67,044,725	74,865,138
Unearned premium reserve		274,979,782	218,630,722
Mathematical reserve		1,157,000	1,157,216
Unexpired risk reserve		11,212,654	5,795,710
Unallocated loss adjustment expense reserve		5,256,597	6,337,177
Deferred commission income		14,135,587	11,349,207
Lease liability		2,429,862	8,625,173
Total liabilities		877,582,147	825,786,961
TOTAL EQUITY AND LIABILITIES		1,084,771,086	1,081,591,084

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Directors on 11 August 2022.


Majid Abdulla Al-Sari
Chairman


Abdel Muhesen 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 statement of comprehensive income
For the period ended 30 June 2022

	(Unaudited) Three months period ended 30 June 2022 AED	(Unaudited) Three months period ended 30 June 2021 AED	(Unaudited) Six months period ended 30 June 2022 AED	(Unaudited) Six months period ended 30 June 2021 AED
UNDERWRITING INCOME				
Gross premium	144,317,573	111,421,208	302,000,707	279,423,231
Less: reinsurance share of gross premium	(44,003,212)	(34,540,392)	(106,199,739)	(75,630,060)
Less: reinsurance share of ceded business premium	(2,969,650)	(9,172,776)	(8,772,360)	(11,912,006)
Net retained premium	97,344,711	67,708,040	187,028,608	191,881,165
Net change in unearned premium reserve	(23,005,629)	21,006,806	(37,417,287)	6,831,950
Net insurance premium	74,339,082	88,714,846	149,611,321	198,713,115
Commission earned	6,953,233	5,021,795	16,579,528	10,478,583
Commission incurred	(16,604,102)	(11,806,406)	(34,024,639)	(39,806,091)
Other operational (expenses)/income - net	(2,715,976)	(975,921)	(210,300)	13,255,206
Gross underwriting income	61,972,237	80,954,314	131,955,910	182,640,813
UNDERWRITING EXPENSES				
Gross claims paid	(104,302,012)	(106,903,165)	(257,556,847)	(220,932,440)
Insurance claims recovered from reinsurers	39,035,534	38,090,019	91,181,125	54,493,187
Net claims paid	(65,266,478)	(68,813,146)	(166,375,722)	(166,439,253)
Change in provision for outstanding claims reserve	1,583,878	36,432,038	41,277,996	38,824,553
Change in reinsurer share of outstanding claims reserve	(209,311)	(39,061,942)	(30,826,821)	(31,901,856)
Change in unexpired risk reserve	(4,068,252)	17,306	(5,812,866)	(581,357)
Change in incurred but not reported claims reserve	3,674,645	(4,111,796)	4,655,768	(8,042,001)
Change in mathematical reserve	-	406	336	(673)
Change in unallocated loss adjustment expense reserve	204,949	(303,861)	1,080,580	(327,792)
Net claims incurred	(64,080,569)	(75,840,995)	(156,000,729)	(168,468,379)
UNDERWRITING (LOSS)/INCOME	(2,108,332)	5,113,319	(24,044,819)	14,172,434
INVESTMENT INCOME				
Net investments income/(loss)	135,224	389,231	317,990	(834,993)
Share of losses from equity accounted investees	-	(7,592,510)	(2,671,659)	(13,166,676)
Finance costs	(756,134)	(353,027)	(1,545,610)	(559,377)
General and administrative expenses	(10,841,252)	(10,341,883)	(20,671,086)	(19,280,919)
LOSS FOR THE PERIOD	(13,570,494)	(12,784,870)	(48,615,184)	(19,669,531)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(13,570,494)	(12,784,870)	(48,615,184)	(19,669,531)
Basic and diluted loss per share (note 11)	(0.06)	(0.06)	(0.21)	(0.09)

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

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

Condensed interim statement of changes in equity
For the period ended 30 June 2022

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Accumulated losses AED	Total equity AED
Balance at 1 January 2022 (Audited)	230,000,000	70,203,206	20,000,000	1,612,577	(66,011,660)	255,804,123
Loss for the period	-	-	-	-	(48,615,184)	(48,615,184)
Total comprehensive loss for the period	-	-	-	-	(48,615,184)	(48,615,184)
Transfer from general reserve to retained earnings (note 9)	-	-	(20,000,000)	-	20,000,000	-
Balance at 30 June 2022 (Unaudited)	230,000,000	70,203,206	-	1,612,577	(94,626,844)	207,188,939
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	-	-	-	-	(19,669,531)	(19,669,531)
Total comprehensive loss for the period	-	-	-	-	(19,669,531)	(19,669,531)
Transfer from general reserve to retained earnings (note 9)	-	-	(30,000,000)	-	30,000,000	-
Directors' fees paid	-	-	-	-	(1,535,000)	(1,535,000)
Balance at 30 June 2021 (Unaudited)	230,000,000	70,203,206	20,000,000	652,827	(21,777,357)	299,078,676

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 30 June 2022

	Notes	(Unaudited) Six months period ended 30 June 2022 AED	(Unaudited) Six months period ended 30 June 2021 AED
OPERATING ACTIVITIES			
Loss for the period		(48,615,184)	(19,669,531)
<i>Adjustment for:</i>			
Net unrealised (gain)/loss from investments in financial assets at FVTPL	5	(607,370)	236,940
Gain on disposal of investments in financial assets at FVTPL		-	(20,269)
Share of losses from equity accounted investees	4	2,671,659	13,166,676
Depreciation		1,749,264	1,635,898
Finance costs		1,545,610	559,377
Interest income		(1,408,125)	(2,399,928)
Dividend income from investment in financial assets at FVTPL	5	(337,503)	(299,353)
(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		546,000	346,979
Interest on lease liability		65,033	102,945
		(44,501,529)	(6,338,485)
<i>Changes in operating assets and liabilities:</i>			
Insurance receivables		(26,400,019)	(12,956,116)
Reinsurer share of outstanding claims		30,826,821	31,901,857
Reinsurer share of incurred but not reported claims		3,164,645	(3,557,417)
Reinsurer share of unearned premium reserve		(15,689,041)	(14,213,887)
Reinsurer share of mathematical reserve		(120)	(248,130)
Deferred acquisition costs		(6,029,112)	(1,437,261)
Reinsurance share of unexpired risk reserve		395,922	-
Due from related parties		(874,968)	(812,524)
Other receivables and prepayments		576,211	(9,411,200)
Insurance and other payables		24,129,006	22,216,943
Outstanding claims reserve		(41,277,996)	(38,824,582)
Incurred but not reported claims reserve		(7,820,413)	11,599,418
Unearned premium reserve		56,349,060	6,877,727
Mathematical reserve		(216)	248,803
Unexpired risk reserve		5,416,944	581,357
Unallocated loss adjustment expense reserve		(1,080,580)	327,792
Deferred commission income		2,786,380	1,941,472
		(20,029,005)	(12,104,233)
Employees' end of service benefits paid		(1,317,364)	(116,290)
Net cash used in operating activities		(21,346,369)	(12,220,523)
INVESTING ACTIVITIES			
Purchase of property and equipment		(397,384)	(228,466)
Purchase of investment in financial assets at FVTPL		(2,749,991)	-
Net proceeds from sale of equipment		68,500	-
Net proceeds from sale of investment in financial assets at FVTPL		-	483,927
Dividends received from investment in financial assets at FVTPL		337,503	299,353
Interest received		1,408,125	2,399,928
Net cash (used in)/generated from investing activities		(1,333,247)	2,954,742
FINANCING ACTIVITIES			
Interest paid		(1,545,610)	(559,377)
Directors' fees paid		-	(1,535,000)
Payment of lease liability		(1,002,405)	(1,002,405)
Net cash used in financing activities		(2,548,015)	(3,096,782)
Net change in cash and cash equivalents		(25,227,631)	(12,362,563)
Cash and cash equivalents, beginning of period		37,759,525	154,342,476
Cash and cash equivalents, end of period	7	12,531,894	141,979,913

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 30 June 2022**

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. 24 of 2020 which amends certain provisions of the U.A.E Federal Law No. 6 of 2007 on Establishment of Insurance Authority (now, Central Bank of the UAE) and Organisation of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector came under the supervision and authority of the Central Bank of the UAE.

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 2022 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 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 Company makes judgement to determine whether the property qualifies as investment property and follows the guidance of IAS 40 'Investment Property' to consider whether any owner-occupied property is not significant and is classified accordingly as investment property.

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

Notes to the condensed interim financial statements
For the period ended 30 June 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) 30 June 2022 AED	(Audited) 31 December 2021 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, KSA	115,502,429	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 these entities.

As at 30 June 2022, 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 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 loss for the period/year	(2,671,659)	(17,505,549)
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 30 June 2022

5 Investment in financial assets at FVTPL

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

	(Unaudited) 30 June 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	2,749,991	514,916
Net disposals during the period/year	-	(463,657)
Changes in fair value during the period/year	607,370	(498,888)
At the end of the period/year	<u>18,945,057</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). During the current period, the Company received dividend income of AED 337,503 (six-months period ended 30 June 2021: AED 299,353) on its investments in securities.

6 Investment property

	(Unaudited) 30 June 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 30 June 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) 30 June 2022 AED	(Audited) 31 December 2021 AED
Cash in hand	115,201	73,053
Bank balances:		
Current accounts	1,947,203	1,356,695
Fixed deposits	185,313,452	190,914,063
Less: Expected credit losses	(33,981)	(33,981)
	<u>187,341,875</u>	<u>192,309,830</u>

Fixed deposits with banks as at 30 June 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 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 185.3 million (31 December 2021: AED 190.9 million) maturing after three months period. All the 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 30 June 2022

7 Bank balances and cash (continued)

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

	(Unaudited) 30 June 2022 AED	(Audited) 31 December 2021 AED	(Unaudited) 30 June 2021 AED
Bank balances and cash	187,341,875	192,309,830	199,538,990
Bank borrowings	<u>(174,809,981)</u>	<u>(154,550,305)</u>	<u>(57,559,077)</u>
Cash and cash equivalents	<u>12,531,894</u>	<u>37,759,525</u>	<u>141,979,913</u>

The Company has bank facilities in the form of overdrafts repayable upon demand and bearing interest ranging from 1.25% to 2.65% per annum (31 December 2021: 1.25% to 3.65%). These facilities are secured by lien on fixed deposits amounting to AED 166 million (31 December 2021: AED 158.4 million).

8 Share capital

	(Unaudited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Issued and fully paid 230,000,000 shares of AED 1 each (31 December 2020: 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 the general reserves (31 December 2021: Nil). On recommendation of Board of Directors, Shareholders have approved, in annual general meeting held on 21 March 2022, transfer of AED 20 million from general reserves to retained earnings (31 December 2021: AED 30 million).

Reinsurance reserve

In accordance with Insurance Authority's Board of Directors' Decision No. 23, Article 34, 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 Chairman and Directors.

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

Notes to the condensed interim financial statements
For the period ended 30 June 2022

10 Related parties (continued)

Transactions with related parties

	(Unaudited) Six months period ended 30 June 2022 AED	(Unaudited) Six months period ended 30 June 2021 AED
<i>Entities under common control</i>		
Gross premiums	1,776,100	2,088,735
Claims paid	(220,991)	(392,218)
<i>Key managerial personnel remuneration</i>		
Salaries and benefits	2,129,560	1,453,447
<i>Related parties' balances</i>		
	(Unaudited) 30 June 2022 AED	(Audited) 31 December 2021 AED
<i>Due from related parties</i>		
Entities under common control	105,446,500	104,752,832
Due from shareholders	1,219,874	1,038,574
	106,666,374	105,791,406
Less: Expected credit losses	(90,107,680)	(90,107,680)
	16,558,694	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 30 June (Unaudited)		Six months period ended 30 June (Unaudited)	
	2022	2021	2022	2021
Loss for the period (AED)	(13,570,494)	(12,784,870)	(48,615,184)	(19,669,531)
Directors' fee paid (AED)	-	-	-	(1,535,000)
Loss for the period attributable to shareholders (AED)	(13,570,494)	(12,784,870)	(48,615,184)	(21,204,531)
Weighted average number of shares outstanding during the period	230,000,000	230,000,000	230,000,000	230,000,000
Loss per share (AED)	(0.06)	(0.06)	(0.21)	(0.09)

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 30 June 2022**

12 Segmental information

	General insurance		Life insurance		Total	
	(Unaudited) 30 June 2022 AED	(Audited) 31 December 2021 AED	(Unaudited) 30 June 2022 AED	(Audited) 31 December 2021 AED	(Unaudited) 30 June 2022 AED	(Audited) 31 December 2021 AED
ASSETS						
Property and equipment	81,879,832	88,439,354	74,256	82,140	81,954,088	88,521,494
Investment in associates	115,669,145	118,340,804	-	-	115,669,145	118,340,804
Investment in financial assets at FVTPL	18,945,057	15,587,696	-	-	18,945,057	15,587,696
Investment property	157,931,895	157,931,895	-	-	157,931,895	157,931,895
Insurance receivables	224,441,239	198,240,261	1,153,719	954,678	225,594,958	199,194,939
Reinsurer share of outstanding claims reserve	125,475,620	156,525,864	647,365	423,942	126,122,985	156,949,806
Reinsurer share of IBNR reserve	22,936,512	26,192,441	211,900	120,616	23,148,412	26,313,057
Reinsurer share of unearned premium reserve	88,738,084	73,494,684	831,698	386,057	89,569,782	73,880,741
Reinsurer share of mathematical reserve	-	-	1,150,000	1,149,880	1,150,000	1,149,880
Deferred acquisition costs	30,214,275	24,194,937	27,103	17,329	30,241,378	24,212,266
Reinsurance share of unexpired risk reserve	-	661,824	-	(265,902)	-	395,922
Due from related parties	16,446,795	15,649,076	111,899	34,650	16,558,694	15,683,726
Other receivables and prepayments	10,542,817	11,119,028	-	-	10,542,817	11,119,028
Bank balances and cash	178,841,875	183,809,830	8,500,000	8,500,000	187,341,875	192,309,830
Total assets	1,072,063,146	1,070,187,694	12,707,940	11,403,390	1,084,771,086	1,081,591,084
LIABILITIES						
Provision for employees' end of service indemnity	6,524,785	7,352,171	315,890	259,868	6,840,675	7,612,039
Bank borrowings	174,809,981	154,550,305	-	-	174,809,981	154,550,305
Insurance and other payables	152,735,350	129,795,765	2,736,358	1,546,937	155,471,708	131,342,702
Outstanding claims reserve	163,553,230	205,048,159	690,346	473,413	164,243,576	205,521,572
Incurred but not reported claims reserve	66,810,690	74,732,265	234,035	132,873	67,044,725	74,865,138
Unearned premium reserve	274,077,494	218,213,665	902,288	417,057	274,979,782	218,630,722
Mathematical reserve	-	-	1,157,000	1,157,216	1,157,000	1,157,216
Unexpired risk reserve	11,212,654	5,758,632	-	37,078	11,212,654	5,795,710
Unallocated loss adjustment expense reserve	5,227,637	6,318,698	28,960	18,479	5,256,597	6,337,177
Deferred commission income	14,135,227	11,344,149	360	5,058	14,135,587	11,349,207
Lease liability	2,429,862	8,625,173	-	-	2,429,862	8,625,173
Total liabilities	871,516,910	821,738,982	6,065,237	4,047,979	877,582,147	825,786,961

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

Notes to the condensed interim financial statements
For the period ended 30 June 2022

12 Segmental information (continued)

	General insurance		Life assurance		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
For the six months period ended	AED	AED	AED	AED	AED	AED
Underwriting income						
Gross premium	300,850,349	278,651,011	1,150,358	772,220	302,000,707	279,423,231
Less: reinsurance share of gross premium	(105,126,531)	(75,060,755)	(1,073,208)	(569,305)	(106,199,739)	(75,630,060)
Less: reinsurance share of ceded business premium	(8,772,360)	(11,912,006)	-	-	(8,772,360)	(11,912,006)
Net retained premium	186,951,458	191,678,250	77,150	202,915	187,028,608	191,881,165
Net change in unearned premium reserve	(37,392,170)	6,877,109	(25,117)	(45,159)	(37,417,287)	6,831,950
Net insurance premium	149,559,288	198,555,359	52,033	157,756	149,611,321	198,713,115
Commission earned	16,578,273	10,477,547	1,255	1,036	16,579,528	10,478,583
Commission incurred	(33,994,659)	(39,799,213)	(29,980)	(6,878)	(34,024,639)	(39,806,091)
Other operational income – net	(644,345)	13,121,128	434,045	134,078	(210,300)	13,255,206
Gross underwriting income	131,498,557	182,354,821	457,353	285,992	131,955,910	182,640,813
Gross claims paid	(257,403,810)	(220,311,478)	(153,037)	(620,962)	(257,556,847)	(220,932,440)
Insurance claims recovered from reinsurers	91,034,965	53,878,231	146,160	614,956	91,181,125	54,493,187
Net claims paid	(166,368,845)	(166,433,247)	(6,877)	(6,006)	(166,375,722)	(166,439,253)
Change in provision for outstanding claims	41,494,928	39,037,880	(216,932)	(213,327)	41,277,996	38,824,553
Change in reinsurer share of outstanding claims	(31,050,244)	(32,096,024)	223,423	194,168	(30,826,821)	(31,901,856)
Change in unexpired risk reserve	(6,115,846)	(455,101)	302,980	(126,256)	(5,812,866)	(581,357)
Change in incurred but not reported claims reserve	4,665,646	(8,080,878)	(9,878)	38,877	4,655,768	(8,042,001)
Change in mathematical reserve	-	-	336	(673)	336	(673)
Change in unallocated loss adjustment expense reserve	1,091,061	(345,721)	(10,481)	17,929	1,080,580	(327,792)
Net claims incurred	(156,283,300)	(168,373,091)	282,571	(95,288)	(156,000,729)	(168,468,379)
Underwriting (loss)/income	(24,784,743)	13,981,730	739,924	190,704	(24,044,819)	14,172,434
Net investments loss					317,990	(834,993)
Share of losses from equity accounted investees					(2,671,659)	(13,166,676)
Finance costs					(1,545,610)	(559,377)
General and administrative expenses*					(20,671,086)	(19,280,919)
Loss for the period					(48,615,184)	(19,669,531)

* General and administrative expenses amounting to AED 500,311 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 30 June 2022

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 3 AED	Total AED
30 June 2022 (Unaudited)			
Investment in financial assets at FVTPL	18,106,906	838,151	18,945,057
31 December 2021 (Audited)			
Investment in financial assets at FVTPL	14,793,563	794,133	15,587,696

14 Contingent liabilities and commitments

	(Unaudited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Letters of guarantee	11,517,485	15,831,735

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 Solvency margin

	(Unaudited) 30 June 2022	(Unaudited) 31 June 2021
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	118,085	118,425
Minimum Guarantee Fund (MGF)	86,077	97,673
Basic Own Funds	45,811	169,875
MCR Solvency Margin – (Deficit)/Surplus	(54,189)	69,875
SCR Solvency Margin – (Deficit)/Surplus	(72,274)	51,450
MGF Solvency Margin – (Deficit)/Surplus	(40,266)	72,202