

Al-Sagr National Insurance Company (PSC)

Condensed interim financial statements (Unaudited)

For the period ended 30 September 2021

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 September 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income for the three months and nine months periods then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the nine 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, 14 November 2021



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

Condensed interim statement of financial position
As at 30 September 2021

	Notes	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
ASSETS			
Property and equipment		83,743,988	85,898,250
Investment in associates	4	121,422,204	135,846,353
Investment in financial assets at FVTPL	5	15,492,134	16,035,325
Investment property	6	157,931,895	157,931,895
Insurance receivables		183,953,623	145,699,528
Reinsurer share of outstanding claims		136,432,100	148,879,390
Reinsurer share of incurred but not reported claims		20,001,948	16,036,589
Reinsurer share of unearned premium reserve		75,880,038	54,989,405
Reinsurer share of mathematical reserve		1,264,551	1,137,870
Deferred acquisition costs		31,887,147	37,338,946
Due from related parties	10	16,209,314	15,088,672
Other receivables and prepayments		14,379,859	6,660,423
Bank balances and cash	7	192,115,439	201,685,769
TOTAL ASSETS		1,050,714,240	1,023,228,415
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	50,000,000
Reinsurance reserve	9	652,827	652,827
Accumulated losses		(39,802,505)	(30,572,826)
Total equity		281,053,528	320,283,207
Liabilities			
Provision for employees' end of service indemnity		10,664,461	10,401,343
Bank borrowings		138,190,546	47,343,293
Insurance and other payables		126,238,800	118,180,997
Outstanding claims reserve		171,315,852	192,617,171
Incurred but not reported claims reserve		68,767,264	50,581,753
Unearned premium reserve		230,358,645	266,320,166
Mathematical reserve		1,272,276	1,146,197
Unexpired risk reserve		3,103,783	118,641
Unallocated loss adjustment expense reserve		5,088,016	4,083,362
Deferred commission income		10,832,354	6,967,369
Lease liability		3,828,715	5,184,916
Total liabilities		769,660,712	702,945,208
TOTAL EQUITY AND LIABILITIES		1,050,714,240	1,023,228,415

The condensed interim financial statements were authorised for issue in accordance with a resolution of the Directors on 14 November 2021.


Majid Abdulla Al Sari
Chairman


Abdel Muhsen Jaber
Director and CEO

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

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

Condensed interim income statement
For the period ended 30 September 2021

	(Unaudited) Three months period ended 30 September 2021 AED	(Unaudited) Three months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2021 AED	(Unaudited) Nine months period ended 30 September 2020 AED
UNDERWRITING INCOME				
Gross premium	100,804,758	122,413,632	380,227,989	360,170,994
Less: reinsurance share of gross premium	(48,283,790)	(26,375,254)	(123,913,850)	(82,608,018)
Less: reinsurance share of ceded business premium	(6,732,320)	(2,939,825)	(18,644,326)	(8,930,712)
Net retained premium	45,788,648	93,098,553	237,669,813	268,632,264
Net change in unearned premium reserve	40,703,420	(10,145,069)	47,535,370	(28,196,858)
Net insurance premium	86,492,068	82,953,484	285,205,183	240,435,406
Commission earned	6,740,307	4,405,593	17,218,890	12,208,600
Commission incurred	(12,505,729)	(17,290,993)	(52,311,820)	(47,566,761)
Other operational income - net	4,558,747	3,500,357	17,813,953	9,560,953
Gross underwriting income	85,285,393	73,568,441	267,926,206	214,638,198
UNDERWRITING EXPENSES				
Gross claims paid	(102,566,463)	(68,036,470)	(323,498,903)	(207,769,840)
Insurance claims recovered from reinsurers	17,867,126	14,413,450	72,360,313	48,138,498
Net claims paid	(84,699,337)	(53,623,020)	(251,138,590)	(159,631,342)
(Increase)/decrease in provision for outstanding claims	(17,523,264)	(13,972,614)	21,301,289	(124,830,319)
Increase/(decrease) in reinsurer share of outstanding claims	19,454,566	5,368,663	(12,447,290)	132,255,951
(Increase)/decrease in unexpired risk reserve	(2,403,785)	1,254,916	(2,985,142)	-
Increase in incurred but not reported claims reserve	(6,178,151)	(2,312,872)	(14,220,152)	(2,002,883)
Decrease in mathematical reserve	1,274	18,215	601	18,629
Increase in unallocated loss adjustment expense reserve	(676,862)	(825,798)	(1,004,654)	(525,176)
Net claims incurred	(92,025,559)	(64,092,510)	(260,493,938)	(154,715,140)
UNDERWRITING (LOSS)/INCOME	(6,740,166)	9,475,931	7,432,268	59,923,058
INVESTMENT INCOME				
Net investments loss	(717,462)	(2,118,075)	(2,111,832)	(8,662,096)
Share of (losses)/profit from equity accounted investees	(1,257,473)	2,679,645	(14,424,149)	(12,890,640)
General and administrative expenses	(9,310,047)	(9,857,726)	(28,590,966)	(28,770,999)
(LOSS)/PROFIT FOR THE PERIOD	(18,025,148)	179,775	(37,694,679)	9,599,323
Basic and diluted (loss)/earnings per share (note 11)	(0.078)	0.001	(0.171)	0.035

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 September 2021

	(Unaudited) Three months period ended 30 September 2021 AED	(Unaudited) Three months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2021 AED	(Unaudited) Nine months period ended 30 September 2020 AED
(Loss)/profit for the period	(18,025,148)	179,775	(37,694,679)	9,599,323
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(18,025,148)	179,775	(37,694,679)	9,599,323

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

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

**Condensed interim statement of changes in equity
For the period ended 30 September 2021**

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Accumulated losses AED	Total equity AED
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	-	-	-	-	(37,694,679)	(37,694,679)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(37,694,679)	(37,694,679)
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 September 2021 (Unaudited)	230,000,000	70,203,206	20,000,000	652,827	(39,802,505)	281,053,528
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	-	-	-	-	9,599,323	9,599,323
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	9,599,323	9,599,323
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 September 2020 (Unaudited)	230,000,000	69,628,437	50,000,000	-	14,482,426	364,110,863

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 September 2021

	Notes	(Unaudited) Nine months period ended 30 September 2021 AED	(Unaudited) Nine months period ended 30 September 2020 AED
OPERATING ACTIVITIES			
(Loss)/profit for the period		(37,694,679)	9,599,323
<i>Adjustment for:</i>			
Net unrealised loss from investments in financial assets at FVTPL		97,418	4,112,488
Gain on disposal of investments in financial assets at FVTPL		(20,269)	-
Share of losses from equity accounted investees		14,424,149	12,890,640
Depreciation		2,446,171	2,456,087
Finance costs		1,536,013	1,872,312
Interest income		(3,566,452)	(4,424,329)
Dividend income	5	(198,120)	(176,212)
Loss on disposal of property and equipment		518	-
Provision for employees' end of service benefits		656,547	1,260,061
Interest on lease liability		147,407	202,259
		<u>(22,171,297)</u>	<u>27,792,629</u>
<i>Changes in operating assets and liabilities:</i>			
Insurance receivables		(38,254,095)	(3,597,783)
Reinsurer share of outstanding claims		12,447,290	(132,255,951)
Reinsurer share of incurred but not reported claims		(3,965,359)	(1,741,657)
Reinsurer share of unearned premium reserve		(20,890,633)	12,370,201
Reinsurer share of mathematical reserve		(126,681)	(75,169)
Deferred acquisition costs		5,451,799	-
Due from related parties		(1,120,642)	494,744
Other receivables and prepayments		(7,719,436)	9,572,634
Due to related parties		-	(79,274)
Insurance and other payables		8,057,803	(1,175,562)
Outstanding claims reserve		(21,301,319)	124,830,315
Incurred but not reported claims reserve		18,185,511	3,744,541
Unearned premium reserve		(35,961,521)	15,826,657
Mathematical reserve		126,079	56,541
Unexpired risk reserve		2,985,142	-
Unallocated loss adjustment expense reserve		1,004,654	525,176
Deferred commission income		3,864,985	-
		<u>(99,387,720)</u>	<u>56,288,042</u>
Employees' end of service benefits paid		(393,429)	(1,734,660)
Net cash (used in)/generated from operating activities		<u>(99,781,149)</u>	<u>54,553,382</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(300,160)	(633,411)
Net proceeds from sale of property and equipment		7,733	-
Addition in investment property		-	(26,971,558)
Additions of investment in financial assets at FVTPL	5	(17,885)	-
Net proceeds from sale of investment in financial assets at FVTPL		483,927	-
Dividends received		198,120	176,212
Interest received		3,566,452	4,424,329
Net cash generated from/(used in) investing activities		<u>3,938,187</u>	<u>(23,004,428)</u>
FINANCING ACTIVITIES			
Interest paid		(1,536,013)	(1,872,312)
Directors' fees paid		(1,535,000)	(1,495,000)
Payment of lease liability		(1,503,608)	(1,503,608)
Net cash used in financing activities		<u>(4,574,621)</u>	<u>(4,870,920)</u>
Net change in cash and cash equivalents		(100,417,583)	26,678,034
Cash and cash equivalents, beginning of period		154,342,476	121,415,599
Cash and cash equivalents, end of period	7	<u>53,924,893</u>	<u>148,093,633</u>

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 September 2021

1 Legal status and activities

Al-Sagr National Insurance Company (PSC), (the "Company") was incorporated on 25 December 1979 as a public shareholding company by an Emiri Decree from His Highness, The Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates under registration No. (16). The Company's address in Dubai is P.O. Box 14614, Dubai, U.A.E. The Company is a subsidiary of Gulf General Investments Co. PSC (the "Parent Company"), a public company incorporated in U.A.E.

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

The Federal Decree-Law No. 25 of 2020 which amends certain provisions of the U.A.E Federal Law No. 6 of 2007 on Establishment of Insurance Authority 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 became under the supervision and authority of the CBUAE.

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 nine months period ended 30 September 2021 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

3 Significant accounting policies

These condensed interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2020.

Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual financial statements for the year ended 31 December 2020, are applicable on the Company but do not have any material impact on these condensed interim financial statements.

Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may substantially be different.

Outstanding claims and technical provisions

The estimation of the ultimate liability (both technical and outstanding) arising from claims made under insurance contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

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

Notes to the condensed interim financial statements
For the period ended 30 September 2021

3 Significant accounting policies (continued)

Critical accounting estimates and judgments in applying accounting policies (continued)

Classification 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.

Provision for legal cases

Considerable judgement by management is required in the estimation for legal cases arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

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 September 2021 AED	(Audited) 31 December 2020 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	121,255,488	135,679,637
	<u>121,422,204</u>	<u>135,846,353</u>

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

The Company holds 50% ownership in Sogour Al Khaleej General Trading L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The remaining 50% ownership is owned by the Parent Company.

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

Al-Sagr National Insurance Company (PSC)
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For the period ended 30 September 2021

4 Investment in associates (continued)

As at 30 September 2021, the Company hold 26% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). Out of the 26% shares, the Company holds 6% shares for the beneficial interest of other individuals. The Company accounts for the 20% holding as an investment in associate as the Company has significant influence over Al Sagr Cooperative under the equity method as follows:

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
At the beginning of the period/year	135,679,637	153,794,643
Company's share of net losses for the period / year	(14,424,149)	(18,115,006)
At the end of the period/year	<u>121,255,488</u>	<u>135,679,637</u>

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 September 2021 AED	(Audited) 31 December 2020 AED
Investment in financial assets at FVTPL	<u>15,492,134</u>	<u>16,035,325</u>

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

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
At the beginning of the period/year	16,035,325	19,621,417
Additions during the period/year	17,885	-
Net disposals during the period/year	(463,658)	(144,721)
Decrease in fair value during the period/year	(97,418)	(3,441,371)
At the end of the period/year	<u>15,492,134</u>	<u>16,035,325</u>

All investments are held within U.A.E. except for investments at FVTPL amounting to AED 0.1 million (31 December 2020: AED 0.1 million). During the current period, the Company received dividend income of AED 198,120 (nine-months period ended 30 September 2020: AED 176,212) on its investments in securities.

6 Investment property

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
At the beginning of the period/year	157,931,895	130,955,617
Additions during the period/year	-	26,976,278
At the end of the period/year	<u>157,931,895</u>	<u>157,931,895</u>

Investment property is located in Al Barsha First, Dubai and currently is under development, having a carrying value of AED 158 million (31 December 2020: AED 158 million). The management of the Company is of the view that assessment of fair value of under development property is difficult as appraiser normally uses fair value of land on the basis of precedent market transaction concluded in the recent past. Further, as allowed under IAS 40, till the completion management can carry under development property at cost.

Al-Sagr National Insurance Company (PSC)
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Notes to the condensed interim financial statements
For the period ended 30 September 2021

7 Bank balances and cash

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
Cash in hand	118,111	97,399
Bank balances:		
Current accounts	2,079,698	2,319,718
Fixed deposits	189,951,611	199,302,633
Less: Expected credit losses	(33,981)	(33,981)
	<u>192,115,439</u>	<u>201,685,769</u>

Fixed deposits with banks as at 30 September 2021 include AED 10.3 million (31 December 2020: AED 10.3 million) deposited in the name of the Company to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law Number (6) of 2007 relating to Insurance Authority.

All fixed deposits with banks mature within different periods not exceeding one year from the financial date of deposit including deposits of AED 86.19 million maturing after three months period. All the deposits carry interest rates between 1.4% to 3.25% per annum (31 December 2020: 1.1% to 3.25% per annum).

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

	(Unaudited) 30 September 2021 AED	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2020 AED
Bank balances and cash	192,115,439	204,368,895	201,685,769
Bank borrowings	(138,190,546)	(56,275,262)	(47,343,293)
Cash and cash equivalents	<u>53,924,893</u>	<u>148,093,633</u>	<u>154,342,476</u>

The Company has bank facilities in the form of overdrafts repayable upon demand and bearing interest ranging from 1.95% to 3.9% per annum (31 December 2020: 1.65% to 3.9%). These facilities are secured by lien on fixed deposits amounting to AED 132.5 million (31 December 2020: AED 132.5 million).

8 Share capital

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 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 2020: AED 0.6 million).

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

Notes to the condensed interim financial statements
For the period ended 30 September 2021

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 2020: Nil). On recommendation of Board of Directors, Shareholders have approved, in annual general meeting held on 24 April 2021 to transfer AED 30 million from general reserves to retained earnings.

Reinsurance reserve

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

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 Director.

Transactions with related parties

	(Unaudited) Nine months period ended 30 September 2021 AED	(Unaudited) Nine months period ended 30 September 2020 AED
<i>Entities under common control</i>		
Gross premiums	2,797,191	2,859,867
Claims paid	(649,180)	(1,810,093)
<i>Key managerial personnel remuneration</i>		
Salaries and benefits	2,228,771	1,919,955
<i>Related parties' balances</i>		
	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
<i>Due from related parties</i>		
Entities under common control	105,138,014	104,397,726
Due from shareholders	2,378,980	1,998,626
	107,516,994	106,396,352
Less: Expected credit losses	(91,307,680)	(91,307,680)
	16,209,314	15,088,672

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

Notes to the condensed interim financial statements
For the period ended 30 September 2021

11 Basic and diluted (loss)/earnings per share

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

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2021	2020	2021	2020
(Loss)/profit for the period (AED)	(18,025,148)	179,775	(37,694,679)	9,599,323
Directors' fee paid (AED)	-	-	(1,535,000)	(1,495,000)
Profit for the period attributable to shareholders (AED)	(18,025,148)	179,775	(39,229,679)	8,104,323
Weighted average number of shares outstanding during the period	230,000,000	230,000,000	230,000,000	230,000,000
(Loss)/earnings per share (AED)	(0.078)	0.001	(0.171)	0.035

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

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

Notes to the condensed interim financial statements
For the period ended 30 September 2021

12 Segmental information

	General insurance		Life assurance		Total	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	AED	AED	AED	AED	AED	AED
ASSETS						
Property and equipment	83,661,848	85,804,375	82,140	93,875	83,743,988	85,898,250
Investment in associates	121,422,204	135,846,353	-	-	121,422,204	135,846,353
Investment in financial assets at FVTPL	15,492,134	16,035,325	-	-	15,492,134	16,035,325
Investment property	157,931,895	157,931,895	-	-	157,931,895	157,931,895
Insurance receivables	181,639,614	144,571,454	2,314,009	1,128,074	183,953,623	145,699,528
Reinsurer share of outstanding claims	135,945,618	145,290,732	486,482	3,588,658	136,432,100	148,879,390
Reinsurer share of incurred but not reported claims	19,879,798	15,406,964	122,150	629,625	20,001,948	16,036,589
Reinsurer share of unearned premium reserve	75,424,244	53,452,934	455,794	1,536,471	75,880,038	54,989,405
Reinsurer share of mathematical reserve	-	-	1,264,551	1,137,870	1,264,551	1,137,870
Deferred acquisition costs	31,869,528	37,198,583	17,619	140,363	31,887,147	37,338,946
Due from related parties	16,203,614	15,058,126	5,700	30,546	16,209,314	15,088,672
Other receivables and prepayments	14,379,859	6,660,423	-	-	14,379,859	6,660,423
Bank balances and cash	183,615,439	193,185,769	8,500,000	8,500,000	192,115,439	201,685,769
Total assets	1,037,465,795	1,006,442,933	13,248,445	16,785,482	1,050,714,240	1,023,228,415
LIABILITIES						
Provision for employees' end of service indemnity	10,404,593	10,146,995	259,868	254,348	10,664,461	10,401,343
Bank borrowings	138,190,546	47,343,293	-	-	138,190,546	47,343,293
Insurance and other payables	124,853,956	110,726,347	1,384,844	7,454,650	126,238,800	118,180,997
Outstanding claims reserve	170,785,944	188,613,216	529,908	4,003,955	171,315,852	192,617,171
Incurred but not reported claims reserve	68,635,741	49,888,519	131,523	693,234	68,767,264	50,581,753
Unearned premium reserve	229,881,437	264,679,662	477,208	1,640,504	230,358,645	266,320,166
Mathematical reserve	-	-	1,272,276	1,146,197	1,272,276	1,146,197
Unexpired risk reserve	2,811,054	-	292,729	118,641	3,103,783	118,641
Unallocated loss adjustment expense reserve	5,068,192	3,948,601	19,824	134,761	5,088,016	4,083,362
Deferred commission income	10,824,629	6,961,698	7,725	5,671	10,832,354	6,967,369
Lease liability	3,828,715	5,184,916	-	-	3,828,715	5,184,916
Total liabilities	765,284,807	687,493,247	4,375,905	15,451,961	769,660,712	702,945,208

Al-Sagr National Insurance Company (PSC)
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Notes to the condensed interim financial statements
For the period ended 30 September 2021

12 Segmental information (continued)

	General insurance		Life assurance		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
For the nine months period ended	AED	AED	AED	AED	AED	AED
Underwriting income						
Gross premium	379,175,124	354,723,827	1,052,865	5,447,167	380,227,989	360,170,994
Less: reinsurance share of gross premium	(123,055,985)	(77,677,375)	(857,865)	(4,930,643)	(123,913,850)	(82,608,018)
Less: reinsurance share of ceded business premium	(18,644,326)	(8,930,712)	-	-	(18,644,326)	(8,930,712)
Net retained premium	237,474,813	268,115,740	195,000	516,524	237,669,813	268,632,264
Net change in unearned premium reserve	47,577,549	(28,167,772)	(42,179)	(29,086)	47,535,370	(28,196,858)
Net insurance premium	285,052,362	239,947,968	152,821	487,438	285,205,183	240,435,406
Commission earned	17,207,456	12,194,881	11,434	13,719	17,218,890	12,208,600
Commission incurred	(52,301,815)	(47,103,947)	(10,005)	(462,814)	(52,311,820)	(47,566,761)
Other operational income – net	17,635,472	7,907,022	178,481	1,653,931	17,813,953	9,560,953
Gross underwriting income	267,593,475	212,945,924	332,731	1,692,274	267,926,206	214,638,198
Gross claims paid	(322,593,879)	(207,568,372)	(905,024)	(201,468)	(323,498,903)	(207,769,840)
Insurance claims recovered from reinsurers	71,503,592	47,951,437	856,721	187,061	72,360,313	48,138,498
Net claims paid	(251,090,287)	(159,616,935)	(48,303)	(14,407)	(251,138,590)	(159,631,342)
Decrease/(increase) in provision for outstanding claims	17,827,242	(124,089,607)	3,474,047	(740,712)	21,301,289	(124,830,319)
(Decrease)/increase in reinsurer share of outstanding claims	(9,345,115)	131,560,958	(3,102,175)	694,993	(12,447,290)	132,255,951
Increase in unexpired risk reserve	(2,811,054)	-	(174,088)	-	(2,985,142)	-
(Increase)/decrease in incurred but not reported claims reserve	(14,274,388)	(1,989,269)	54,236	(13,614)	(14,220,152)	(2,002,883)
Decrease in mathematical reserve	-	-	601	18,629	601	18,629
(Increase)/decrease in unallocated loss adjustment expense reserve	(1,119,591)	(523,877)	114,937	(1,299)	(1,004,654)	(525,176)
Net claims incurred	(260,813,193)	(154,658,730)	319,255	(56,410)	(260,493,938)	(154,715,140)
Net underwriting income	6,780,282	58,287,194	651,986	1,635,864	7,432,268	59,923,058
Net investments loss					(2,111,832)	(8,662,096)
Share of losses from equity accounted investees					(14,424,149)	(12,890,640)
General and administrative expenses*					(28,590,966)	(28,770,999)
(Loss)/profit for the period					(37,694,679)	9,599,323

* General and administrative expenses amounting to AED 1,444,468 have been allocated to life assurance.

Al-Sagr National Insurance Company (PSC)
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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) i.e. based on net asset value technique.

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 September 2021 (Unaudited)				
Investment in financial assets at FVTPL	10,648,057	-	4,844,077	15,492,134
31 December 2020 (Audited)				
Investment in financial assets at FVTPL	11,131,248	-	4,904,077	16,035,325

The decrease in the level 3 unquoted investments, represents the fair value loss recognized during the period.

14 Contingent liabilities and commitments

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
Letters of guarantee	15,928,435	22,108,561

Contingent liabilities

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

15 Seasonality of results and impact of COVID-19

The Company's investment income is dependent on market conditions, its investment activities and declaration of profits by investee companies, which are of a seasonal nature. 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 September 2021 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2021.