

Al-Sagr National Insurance Company (PSC)

Condensed interim financial information (Unaudited)

For the period ended 30 September 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 September 2022 and the related condensed interim statement of comprehensive income for the three months and nine months period 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 this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

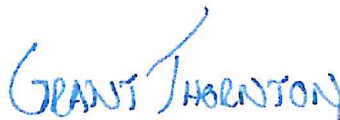
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for 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 information are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 15 to the condensed interim financial information which states that the Company did not meet the Minimum Capital Requirements of AED 100 million as at 30 September 2022 and that the Company's ability to comply with the solvency requirements depends on the effective implementation of the business plan submitted to the Central Bank of UAE.



GRANT THORNTON

**Dr. Osama Al-Bakry
Registration No: 935
Dubai, United Arab Emirates**

14 November 2022



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

Condensed interim statement of financial position
As at 30 September 2022

		(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED
	Notes		
ASSETS			
Property and equipment		81,359,771	88,521,494
Investment in associates	4	103,470,128	118,340,804
Investment in financial assets at FVTPL	5	19,077,723	15,587,696
Investment property	6	157,931,895	157,931,895
Insurance receivables		247,131,553	199,194,939
Reinsurer share of outstanding claims reserve		124,617,165	156,949,806
Reinsurer share of incurred but not reported claims reserve		24,784,551	26,313,057
Reinsurer share of unearned premium reserve		88,932,775	73,880,741
Reinsurer share of mathematical reserve		1,150,000	1,149,880
Deferred acquisition costs		35,619,523	24,212,266
Reinsurance share of unexpired risk reserve		-	395,922
Due from related parties	10	15,898,130	15,683,726
Other receivables and prepayments		18,162,310	11,119,028
Bank balances and cash	7	187,811,139	192,309,830
TOTAL ASSETS		1,105,946,663	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		(98,683,481)	(66,011,660)
TOTAL EQUITY		203,132,302	255,804,123
LIABILITIES			
Employees' end of service benefits		6,815,389	7,612,039
Bank borrowings	7	175,783,462	154,550,305
Insurance and other payables		163,417,462	131,342,702
Outstanding claims reserve		156,277,360	205,521,572
Incurred but not reported claims reserve		75,863,965	74,865,138
Unearned premium reserve		294,075,944	218,630,722
Mathematical reserve		1,157,000	1,157,216
Unexpired risk reserve		11,517,323	5,795,710
Unallocated loss adjustment expense reserve		5,249,913	6,337,177
Deferred commission income		10,702,673	11,349,207
Lease liability		1,953,870	8,625,173
TOTAL LIABILITIES		902,814,361	825,786,961
TOTAL EQUITY AND LIABILITIES		1,105,946,663	1,081,591,084

The condensed interim financial information was authorised for issue in accordance with a resolution of the Directors on 14 November 2022 and signed by:

Majid Abdulla Al Sari
Chairman

Abdel Muhesen Jaber
Director and CEO

The notes from 1 to 16 form an integral part of this condensed interim financial information.

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

Condensed interim statement of comprehensive income
For the period ended 30 September 2022

	(Unaudited) Three months period ended 30 September 2022 AED	(Unaudited) Three months period ended 30 September 2021 AED	(Unaudited) Nine months period ended 30 September 2022 AED	(Unaudited) Nine months period ended 30 September 2021 AED
UNDERWRITING INCOME				
Gross premium	156,918,280	100,804,758	458,918,987	380,227,989
Less: reinsurance share of gross premium	(50,774,233)	(48,283,790)	(156,973,972)	(123,913,850)
Less: reinsurance share of ceded business premium	(3,175,937)	(6,732,320)	(11,948,297)	(18,644,326)
Net retained premium	102,968,110	45,788,648	289,996,718	237,669,813
Net change in unearned premium reserve	(10,922,110)	40,703,420	(48,339,397)	47,535,370
Net insurance premium	92,046,000	86,492,068	241,657,321	285,205,183
Commission earned	7,481,052	6,740,307	24,060,580	17,218,890
Commission incurred	(20,437,793)	(12,505,729)	(54,462,432)	(52,311,820)
Other operational (expenses)/income – net	(3,633,557)	4,558,747	(3,843,857)	17,813,953
Gross underwriting income	75,455,702	85,285,393	207,411,612	267,926,206
UNDERWRITING EXPENSES				
Gross claims paid	(99,539,059)	(102,566,463)	(357,095,906)	(323,498,903)
Insurance claims recovered from reinsurers	44,122,972	17,867,126	135,304,097	72,360,313
Net claims paid	(55,416,087)	(84,699,337)	(221,791,809)	(251,138,590)
Change in provision for outstanding claims reserve	7,966,216	(17,523,264)	49,244,212	21,301,289
Change in reinsurer share of outstanding claims	(1,505,820)	19,454,566	(32,332,641)	(12,447,290)
Change in unexpired risk reserve	(304,669)	(2,403,785)	(6,117,535)	(2,985,142)
Change in incurred but not reported claims reserve	(7,183,101)	(6,178,151)	(2,527,333)	(14,220,152)
Change in mathematical reserve	-	1,274	336	601
Change in unallocated loss adjustment expense reserve	6,684	(676,862)	1,087,264	(1,004,654)
Net claims incurred	(56,436,777)	(92,025,559)	(212,437,506)	(260,493,938)
UNDERWRITING INCOME/(LOSS)	19,018,925	(6,740,166)	(5,025,894)	7,432,268
INVESTMENT INCOME				
Net investments (loss)/ income	(180,161)	259,174	137,829	(575,819)
Share of losses from equity accounted investees	(12,199,017)	(1,257,473)	(14,870,676)	(14,424,149)
Finance costs	(849,226)	(976,636)	(2,394,836)	(1,536,013)
General and administrative expenses	(9,847,158)	(9,310,047)	(30,518,244)	(28,590,966)
LOSS FOR THE PERIOD	(4,056,637)	(18,025,148)	(52,671,821)	(37,694,679)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(4,056,637)	(18,025,148)	(52,671,821)	(37,694,679)
Basic and diluted loss per share (note 11)	(0.018)	(0.078)	(0.229)	(0.171)

The notes from 1 to 16 form an integral part of this condensed interim financial information.

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

Condensed interim statement of changes in equity
For the period ended 30 September 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	-	-	-	-	(52,671,821)	(52,671,821)
Total comprehensive loss for the period	-	-	-	-	(52,671,821)	(52,671,821)
Transfer from general reserve to retained earnings (note 9)	-	-	(20,000,000)	-	20,000,000	-
Balance at 30 September 2022 (Unaudited)	230,000,000	70,203,206	-	1,612,577	(98,683,481)	203,132,302
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)
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

The notes from 1 to 16 form an integral part of this condensed interim financial information.

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

Condensed interim statement of cash flows
For the period ended 30 September 2022

	Notes	(Unaudited) Nine months period ended 30 September 2022 AED	(Unaudited) Nine months period ended 30 September 2021 AED
OPERATING ACTIVITIES			
Loss for the period		(52,671,821)	(37,694,679)
<i>Adjustment for:</i>			
Net unrealised (gain)/loss from investments in financial assets at FVTPL		(740,036)	97,418
Gain on disposal of investments in financial assets at FVTPL		-	(20,269)
Share of losses from equity accounted investees		14,870,676	14,424,149
Depreciation		2,421,981	2,446,171
Finance costs		2,394,836	1,536,013
Interest income		(2,123,841)	(3,566,452)
Dividend income from investments in financial assets at FVTPL	5	(351,114)	(198,120)
(Gain)/loss on disposal of property and equipment		(18,083)	518
Gain on termination of lease liability		(92,830)	-
Employees' end of service benefits		819,000	656,547
Interest on lease liability		90,243	147,407
		<u>(35,400,989)</u>	<u>(22,171,297)</u>
<i>Changes in operating assets and liabilities:</i>			
Insurance receivables		(47,936,614)	(38,254,095)
Reinsurer share of outstanding claims		32,332,641	12,447,290
Reinsurer share of incurred but not reported claims		1,528,506	(3,965,359)
Reinsurer share of unearned premium reserve		(15,052,034)	(20,890,633)
Reinsurer share of mathematical reserve		(120)	(126,681)
Deferred acquisition costs		(11,407,257)	5,451,799
Reinsurance share of unexpired risk reserve		395,922	-
Due from related parties		(214,404)	(1,120,642)
Other receivables and prepayments		(7,043,282)	(7,719,436)
Insurance and other payables		32,074,760	8,057,803
Outstanding claims reserve		(49,244,212)	(21,301,319)
Incurred but not reported claims reserve		998,827	18,185,511
Unearned premium reserve		75,445,222	(35,961,521)
Mathematical reserve		(216)	126,079
Unexpired risk reserve		5,721,613	2,985,142
Unallocated loss adjustment expense reserve		(1,087,264)	1,004,654
Deferred commission income		(646,534)	3,864,985
		<u>(19,535,435)</u>	<u>(99,387,720)</u>
Employees' end of service benefits paid		<u>(1,615,650)</u>	<u>(393,429)</u>
Net cash used in operating activities		<u>(21,151,085)</u>	<u>(99,781,149)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(475,878)	(300,160)
Purchase of investment in financial assets at FVTPL	5	(2,749,991)	(17,885)
Net proceeds from sale of property and equipment		68,595	7,733
Net proceeds from sale of investment in financial assets at FVTPL		-	483,927
Dividends received from investment in financial assets at FVTPL	5	351,114	198,120
Interest received		2,123,841	3,566,452
Net cash (used in)/generated from investing activities		<u>(682,319)</u>	<u>3,938,187</u>
FINANCING ACTIVITIES			
Interest paid		(2,394,836)	(1,536,013)
Directors' fees paid		-	(1,535,000)
Payment of lease liability		<u>(1,503,608)</u>	<u>(1,503,608)</u>
Net cash used in financing activities		<u>(3,898,444)</u>	<u>(4,574,621)</u>
Net change in cash and cash equivalents		(25,731,848)	(100,417,583)
Cash and cash equivalents, beginning of period		<u>37,759,525</u>	<u>154,342,476</u>
Cash and cash equivalents, end of period	7	<u><u>12,027,677</u></u>	<u><u>53,924,893</u></u>

The notes from 1 to 16 form an integral part of this condensed interim financial information.

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

Notes to the condensed interim financial information For the period ended 30 September 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.

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

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after 1 June 2023. There is no impact of this announcement on the condensed interim financial information of the Company for the period ended 30 September 2022. Management will assess the implications of this Federal Corporate Tax in due course.

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 information is for the nine months period ended 30 September 2022 and is presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. This condensed interim financial information has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and do not include all of the information required in annual audited financial information 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

This condensed interim financial information has been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial information for the year ended 31 December 2021.

Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual audited financial statements for the year ended 31 December 2021, are applicable on the Company but do not have any material impact on this condensed interim financial information.

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.

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

Notes to the condensed interim financial information
For the period ended 30 September 2022

3 Significant accounting policies (continued)

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

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.

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 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	103,303,412	118,174,088
	<u>103,470,128</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 September 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 September 2022 AED	(Audited) 31 December 2021 AED
At the beginning of the period/year	118,174,088	135,679,637
Share of net losses for the period/year	(14,870,676)	(17,505,549)
At the end of the period/year	<u>103,303,412</u>	<u>118,174,088</u>

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

Notes to the condensed interim financial information
For the period ended 30 September 2022

4 Investment in associates (continued)

In the Extraordinary General Assembly meeting held on 13 October 2022, the Board of Directors of Al Sagr Cooperative Insurance Company restructured and reduced its capital from SAR 400 million to SAR 260 million in order to write off its accumulated losses. This reduction has not had an impact on the percentage held by the Company.

5 Investment in financial assets at fair value through profit and loss

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

	(Unaudited) 30 September 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)
Increase/(decrease) in fair value during the period/year	740,036	(498,888)
At the end of the period/year	<u>19,077,723</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 351,114 (nine months period ended 30 September 2021: AED 198,120) on its investments in securities.

6 Investment property

	(Unaudited) 30 September 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 September 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 September 2022 AED	(Audited) 31 December 2021 AED
Cash in hand	91,483	73,053
Bank balances:		
Current accounts	1,376,956	1,356,695
Fixed deposits	186,376,681	190,914,063
Less: Expected credit losses	(33,981)	(33,981)
	<u>187,811,139</u>	<u>192,309,830</u>

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

Notes to the condensed interim financial information
For the period ended 30 September 2022

7 Bank balances and cash (continued)

Fixed deposits with banks as at 30 September 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 186.4 million (31 December 2021: AED 190.9 million). All the deposits carry interest rates between 1% to 4% per annum (31 December 2021: 1% to 3% per annum).

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

	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED	(Unaudited) 30 September 2021 AED
Bank balances and cash	187,811,139	192,309,830	192,115,439
Bank borrowings	(175,783,462)	(154,550,305)	(138,190,546)
Cash and cash equivalents	<u>12,027,677</u>	<u>37,759,525</u>	<u>53,924,893</u>

The Company has bank facilities in the form of overdrafts repayable upon demand and bearing interest ranging from 2.25% to 4.35% 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 September 2022 AED	(Audited) 31 December 2021 AED
Issued and fully paid 230,000,000 shares of AED 1 each (31 December 2021: 230,000,000 share of AED 1 each)	<u>230,000,000</u>	<u>230,000,000</u>

9 Reserves

Statutory reserve

In accordance with the UAE Commercial Companies Law no. (2) of 2015 (the "Law") and the Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except in the circumstances stipulated by the Law. During the period, no transfers were made to the statutory reserve (31 December 2021: nil).

General reserve

The general reserve is established through transfers from profit for the year as recommended by the Board of Directors and approved by the Shareholders at the Annual General Meeting. The reserve is distributable based on a recommendation by the Board of Directors approved by a Shareholders' resolution. During the period no transfers were made to 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).

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

Notes to the condensed interim financial information
For the period ended 30 September 2022

9 Reserves (continued)

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.

Transactions with related parties

	Nine months period ended 30 September (Unaudited)	
	2022 AED	2021 AED
<i>Entities under common control</i>		
Gross premiums	2,028,659	2,797,191
Claims paid	(320,655)	(649,180)
<i>Key managerial personnel remuneration</i>		
Salaries and benefits	3,096,296	2,228,771
<i>Related parties' balances</i>		
	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED
Due from related parties		
Entities under common control	105,144,049	104,752,832
Due from shareholders	861,761	1,038,574
	<u>106,005,810</u>	<u>105,791,406</u>
Less: Expected credit losses	(90,107,680)	(90,107,680)
	<u>15,898,130</u>	<u>15,683,726</u>

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 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2022	2021	2022	2021
Loss for the period (AED)	(4,056,637)	(18,025,148)	(52,671,821)	(37,694,679)
Directors' fee paid (AED)	-	-	-	(1,535,000)
Loss for the period attributable to shareholders (AED)	(4,056,637)	(18,025,148)	(52,671,821)	(39,229,679)
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)	<u>(0.018)</u>	<u>(0.078)</u>	<u>(0.229)</u>	<u>(0.171)</u>

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 information (Unaudited)**

Notes to the condensed interim financial information
For the period ended 30 September 2022

12 Segmental information

	General insurance		Life assurance		Total	
	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED
ASSETS						
Property and equipment	81,285,332	88,439,354	74,439	82,140	81,359,771	88,521,494
Investment in associates	103,470,128	118,340,804	-	-	103,470,128	118,340,804
Investment in financial assets at FVTPL	19,077,723	15,587,696	-	-	19,077,723	15,587,696
Investment property	157,931,895	157,931,895	-	-	157,931,895	157,931,895
Insurance receivables	246,276,271	198,240,261	855,282	954,678	247,131,553	199,194,939
Reinsurer share of outstanding claims reserve	123,906,688	156,525,864	710,477	423,942	124,617,165	156,949,806
Reinsurer share of IBNR reserve	24,508,729	26,192,441	275,822	120,616	24,784,551	26,313,057
Reinsurer share of unearned premium reserve	88,207,114	73,494,684	725,661	386,057	88,932,775	73,880,741
Reinsurer share of mathematical reserve	-	-	1,150,000	1,149,880	1,150,000	1,149,880
Deferred acquisition costs	35,595,509	24,194,937	24,014	17,329	35,619,523	24,212,266
Reinsurance share of unexpired risk reserve	-	661,824	-	(265,902)	-	395,922
Due from related parties	15,789,581	15,649,076	108,549	34,650	15,898,130	15,683,726
Other receivables and prepayments	18,162,310	11,119,028	-	-	18,162,310	11,119,028
Bank balances and cash	179,311,139	183,809,830	8,500,000	8,500,000	187,811,139	192,309,830
TOTAL ASSETS	1,093,522,419	1,070,187,694	12,424,244	11,403,390	1,105,946,663	1,081,591,084
LIABILITIES						
Employees' end of service benefits	6,499,499	7,352,171	315,890	259,868	6,815,389	7,612,039
Bank borrowings	175,783,462	154,550,305	-	-	175,783,462	154,550,305
Insurance and other payables	162,236,559	129,795,765	1,180,903	1,546,937	163,417,462	131,342,702
Outstanding claims reserve	155,519,117	205,048,159	758,243	473,413	156,277,360	205,521,572
Incurred but not reported claims reserve	75,558,485	74,732,265	305,480	132,873	75,863,965	74,865,138
Unearned premium reserve	293,313,227	218,213,665	762,717	417,057	294,075,944	218,630,722
Mathematical reserve	-	-	1,157,000	1,157,216	1,157,000	1,157,216
Unexpired risk reserve	11,517,323	5,758,632	-	37,078	11,517,323	5,795,710
Unallocated loss adjustment expense reserve	5,215,683	6,318,698	34,230	18,479	5,249,913	6,337,177
Deferred commission income	10,694,269	11,344,149	8,404	5,058	10,702,673	11,349,207
Lease liability	1,953,870	8,625,173	-	-	1,953,870	8,625,173
TOTAL LIABILITIES	898,291,494	821,738,982	4,522,867	4,047,979	902,814,361	825,786,961

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

Notes to the condensed interim financial information
For the period ended 30 September 2022

12 Segmental information (continued)

	General insurance		Life assurance		Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	30 September 2022	30 September 2021	30 September 2022	30 September 2021	30 September 2022	30 September 2021
For the nine months period ended	AED	AED	AED	AED	AED	AED
Underwriting income						
Gross premium	457,437,965	379,175,124	1,481,022	1,052,865	458,918,987	380,227,989
Less: reinsurance share of gross premium	(155,578,652)	(123,055,985)	(1,395,320)	(857,865)	(156,973,972)	(123,913,850)
Less: reinsurance share of ceded business premium	(11,948,297)	(18,644,326)	-	-	(11,948,297)	(18,644,326)
Net retained premium	289,911,016	237,474,813	85,702	195,000	289,996,718	237,669,813
Net change in unearned premium reserve	(48,336,680)	47,577,549	(2,717)	(42,179)	(48,339,397)	47,535,370
Net insurance premium	241,574,336	285,052,362	82,985	152,821	241,657,321	285,205,183
Commission earned	24,047,540	17,207,456	13,040	11,434	24,060,580	17,218,890
Commission incurred	(54,426,806)	(52,301,815)	(35,626)	(10,005)	(54,462,432)	(52,311,820)
Other operational (expenses)/income – net	(4,336,270)	17,635,472	492,413	178,481	(3,843,857)	17,813,953
Gross underwriting income	206,858,800	267,593,475	552,812	332,731	207,411,612	267,926,206
Underwriting expenses						
Gross claims paid	(356,939,879)	(322,593,879)	(156,027)	(905,024)	(357,095,906)	(323,498,903)
Insurance claims recovered from reinsurers	135,155,396	71,503,592	148,701	856,721	135,304,097	72,360,313
Net claims paid	(221,784,483)	(251,090,287)	(7,326)	(48,303)	(221,791,809)	(251,138,590)
Change in provision for outstanding claims	49,529,042	17,827,242	(284,830)	3,474,047	49,244,212	21,301,289
Change in reinsurer share of outstanding claims	(32,619,177)	(9,345,115)	286,536	(3,102,175)	(32,332,641)	(12,447,290)
Change in unexpired risk reserve	(6,420,515)	(2,811,054)	302,980	(174,088)	(6,117,535)	(2,985,142)
Change in incurred but not reported claims reserve	(2,509,932)	(14,274,388)	(17,401)	54,236	(2,527,333)	(14,220,152)
Change in mathematical reserve	-	-	336	601	336	601
Change in unallocated loss adjustment expense reserve	1,103,015	(1,119,591)	(15,751)	114,937	1,087,264	(1,004,654)
Net claims incurred	(212,702,050)	(260,813,193)	264,544	319,255	(212,437,506)	(260,493,938)
Underwriting (loss)/ income	(5,843,250)	6,780,282	817,356	651,986	(5,025,894)	7,432,268
Net investments income/(loss)			137,829		137,829	(575,819)
Share of losses from equity accounted investees			(14,870,676)		(14,870,676)	(14,424,149)
Finance costs			(2,394,836)		(2,394,836)	(1,536,013)
General and administrative expenses*			(30,518,244)		(30,518,244)	(28,590,966)
Loss for the period			(52,671,821)		(52,671,821)	(37,694,679)

* General and administrative expenses amounting to AED 742,984 have been allocated to life assurance.

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

Notes to the condensed interim financial information
For the period ended 30 September 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) 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 3 AED	Total AED
30 September 2022 (Unaudited)			
Investment in financial assets at FVTPL (note 5)	18,374,566	703,157	19,077,723
31 December 2021 (Audited)			
Investment in financial assets at FVTPL (note 5)	14,793,563	794,133	15,587,696

14 Contingent liabilities and commitments

	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED
Letters of guarantee	11,604,485	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 September 2022 AED	(Unaudited) 30 September 2021 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	130,644,000	131,445,000
Minimum Guarantee Fund (MGF)	82,925,000	101,884,000
Basic Own Funds	55,704,000	146,205,000
MCR Solvency Margin – Deficit/Surplus	(44,296,000)	46,205,000
SCR Solvency Margin – Deficit/Surplus	(74,940,000)	14,760,000
MGF Solvency Margin – Deficit/Surplus	(27,221,000)	44,321,000

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

Notes to the condensed interim financial information
For the period ended 30 September 2022

15 Solvency margin (continued)

As per Article (8) of Section 2 of the financial regulations issued for insurance companies in UAE, the Company shall at all times comply with the requirements of Solvency Margins. As at 30 September 2022, the Company had minimum capital, solvency capital and minimum guarantee fund deficits of AED 44.2 million, AED 74.9 million and AED 27.2 million as compared to requirements of AED 100 million, AED 130.6 million and AED 82.9 million respectively.

16 Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of this condensed interim financial information.