

NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)

**Review report and condensed interim financial information
for the three months period ended 31 March 2020**

NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)

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INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors of
National General Insurance Co. (P.J.S.C.)
Dubai
United Arab Emirates**

Introduction

We have reviewed the accompanying condensed statement of financial position of **National General Insurance Co. (P.J.S.C.) (the "Company") – Dubai, United Arab Emirates** as at 31 March 2020 and the related condensed statement of profit or loss, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the three months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34: "*Interim Financial Reporting*" as issued by International Accounting Standards Board (IASB). 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 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 is not prepared, in all material respects, in accordance with International Accounting Standard 34: "*Interim Financial Reporting*" as issued by IASB.

Deloitte & Touche (M.E.)



Signed by:
Samir Madbak
Registration No. 386
10 May 2020
Sharjah, United Arab Emirates

**Condensed statement of financial position
at 31 March 2020**

	Notes	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
ASSETS			
Property and equipment	4	26,711,824	26,953,580
Intangible assets		3,306,048	3,518,768
Investment properties	5	189,233,524	189,233,524
Investment securities	6	162,125,777	159,464,467
Reinsurance contract assets	7	281,520,651	255,199,607
Insurance and other receivables	8	222,610,344	151,999,207
Fixed deposits	9	272,963,514	282,315,522
Bank balances and cash	9	44,484,518	104,674,208
Total assets		1,202,956,200	1,173,358,883
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	149,954,112	149,954,112
Legal reserve	11	74,977,056	74,977,056
General reserve	12	74,977,056	74,977,056
Cumulative change in fair value of investments in FVOCI		212,516	254,852
Retained earnings		124,384,598	156,975,776
Total equity		424,505,338	457,138,852
Liabilities			
Provision for end of service indemnity		11,774,595	11,256,083
Insurance contract liabilities	7	568,412,665	512,337,332
Insurance and other payables	13	166,820,660	151,507,721
Payable to policyholders of unit linked products	14	31,442,942	41,118,895
Total liabilities		778,450,862	716,220,031
Total equity and liabilities		1,202,956,200	1,173,358,883

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.


HE Hamad Mubarak Buamim
Chairman


Dr. Abdul Zahra A. Ali
Chief Executive Officer

The accompanying notes form an integral part of these condensed interim financial information.

**Condensed statement of profit or loss (unaudited)
for the three months period ended 31 March 2020**

	Three months period ended 31 March	
	2020	2019
	AED	AED
Gross written premium	178,882,583	143,342,846
Reinsurance ceded	(91,201,731)	(66,605,607)
Net premium	87,680,852	76,737,239
Change in unearned premium / unexpired risk	(22,949,328)	(12,110,982)
Net earned premiums	64,731,524	64,626,257
Reinsurance commission earned	11,903,417	8,416,954
Net underwriting income	76,634,941	73,043,211
Claims paid	(78,642,674)	(68,368,633)
Reinsurance share	34,456,960	33,756,343
Net claims paid	(44,185,714)	(34,612,290)
Change in outstanding claims provision	(6,645,713)	(4,205,297)
Net incurred claims	(50,831,427)	(38,817,587)
Commission incurred	(6,273,087)	(11,086,302)
Administrative expenses	(17,244,234)	(15,309,250)
Net underwriting expenses	(74,348,748)	(65,213,139)
Movement in life assurance fund and payable to policyholders of unit linked products	9,516,705	(5,897,345)
(Decrease)/increase in fair value of investment held for unit linked products	(8,446,287)	3,805,811
Net income from investment securities - life	893,172	1,304,022
Total underwriting expenses	(72,385,158)	(66,000,651)
Underwriting profit	4,249,783	7,042,560
Income from investment properties (net)	1,092,420	956,930
Net (loss)/income from investment securities and deposits	(17,102,641)	9,544,566
Administrative expenses	(4,089,479)	(6,074,516)
(Loss)/profit for the period	(15,849,917)	11,469,540
Basic and diluted (loss)/earnings per share (Note 15)	(0.11)	0.08

The accompanying notes form an integral part of these condensed interim financial information.

**Condensed statement of comprehensive income (unaudited)
for the three months period ended 31 March 2020**

	Three months period ended 31 March	
	2020	2019
	AED	AED
(Loss)/profit for the period	(15,849,917)	11,469,540
Other comprehensive (loss)/income		
<i>Items that will be reclassified to profit or loss:</i>		
Net changes in fair value of investments at fair value through other comprehensive income (FVOCI)	(42,336)	481,732
Total other comprehensive (loss)/income for the period	(42,336)	481,732
Total comprehensive (loss)/income for the period	(15,892,253)	11,951,272

The accompanying notes form an integral part of these condensed interim financial information.

**Condensed statement of changes in equity
for the three months period ended 31 March 2020**

	Share capital AED	Legal reserve AED	General reserve AED	Cumulative change in fair value of investments in FVOCI AED	Retained earnings AED	Total AED
Balance at 31 December 2018 (audited)	149,954,112	74,977,056	74,977,056	(73,080)	164,397,143	464,232,287
Total comprehensive income for the period	-	-	-	481,732	11,469,540	11,951,272
Directors' remuneration (Note 18)	-	-	-	-	(2,386,748)	(2,386,748)
Dividends declared (Note 18)	-	-	-	-	(22,493,117)	(22,493,117)
Balance at 31 March 2019 (unaudited)	149,954,112	74,977,056	74,977,056	408,652	150,986,818	451,303,694
Balance at 31 December 2019 (audited)	149,954,112	74,977,056	74,977,056	254,852	156,975,776	457,138,852
Total comprehensive loss for the period	-	-	-	(42,336)	(15,849,917)	(15,892,253)
Directors' remuneration (Note 18)	-	-	-	-	(1,745,850)	(1,745,850)
Dividends declared (Note 18)	-	-	-	-	(14,995,411)	(14,995,411)
Balance at 31 March 2020 (unaudited)	149,954,112	74,977,056	74,977,056	212,516	124,384,598	424,505,338

The accompanying notes form an integral part of these condensed interim financial information.

Condensed statement of cash flows (unaudited)
for the three months period ended 31 March 2020

	Three months period ended 31 March	
	2020	2019
	AED	AED
Cash flows from operating activities		
(Loss)/profit for the period	(15,849,917)	11,469,540
Adjustments for:		
Depreciation and amortisation	525,241	762,561
Dividend income	(5,160,495)	(3,119,103)
Realised gains on investments in fair value through profit or loss (FVTPL)	(52,854)	(5,571,914)
Unrealised loss on investments in FVTPL	24,181,524	973,936
Expected credit losses on financial assets	2,279,172	563,096
Loss on sale of investments in FVOCI	-	157,277
Provision for gratuity - net of repayment	518,512	699,852
Other investment income	(2,957,954)	(2,941,692)
Operating cash flows before changes in operating assets and liabilities	3,483,229	2,993,553
Change in insurance and other receivables (including related parties)	(72,898,747)	(12,871,644)
Change in insurance and other payables	317,528	(39,117,720)
Change in unearned premium reserve and life assurance fund	13,432,623	18,008,327
Change in net outstanding claims	6,645,713	4,205,297
Net cash used in operating activities	(49,019,654)	(26,782,187)
Cash flows from investing activities		
Purchase of property and equipment	(70,765)	(64,213)
Purchase of investments in FVTPL	(43,640,551)	(6,744,071)
Proceeds from sale of investments in FVTPL	16,816,164	39,146,608
Purchase of investments in FVOCI	-	(7,350,929)
Proceeds from sale of investments in FVOCI	-	12,841,500
Dividend income	5,160,495	3,119,103
Change in bank deposits	9,352,517	(20,343,902)
Interest and other income	2,957,954	2,941,692
Net cash (used in) / generated from investing activities	(9,424,186)	23,545,788
Cash flows from investing activities		
Directors' remuneration	(1,745,850)	(2,386,748)
Net decrease in cash and cash equivalents	(60,189,690)	(5,623,147)
Cash and cash equivalents at the beginning of the period	104,674,208	39,704,474
Cash and cash equivalents at the end of the period (Note 9)	44,484,518	34,081,327

The accompanying notes form an integral part of these condensed interim financial information.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020****1. General information**

National General Insurance Co. (P.J.S.C.) (“the Company”) was originally incorporated as a Private Limited Liability Company on 19 November 1980. Subsequently, the Company was converted to a Public Joint Stock Company with effect from 12 September 2001.

The Company is registered under UAE Federal Law No. 2 of 2015 in the Emirate of Dubai and underwrites all classes of life and general insurance business as well as certain reinsurance business in accordance with the provisions of the UAE Federal Law no. 6 of 2007 relating to the Establishment of Insurance Authority and Regulations of Insurance Operations. The Company is listed on Dubai Financial Market.

The registered office of the Company is at the NGI House, P.O. Box 154, Dubai, United Arab Emirates.

2. Application of new and revised International Financial Reporting Standards (IFRS)**2.1 New and revised IFRS applied with no material effect on the condensed interim financial information**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these condensed interim financial information. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to IFRS 3 *Business Combinations*
- Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework
- Amendments in IFRS 7, 9 and IAS 39 regarding pre-replacement issues in the context of the IBOR reform

2.2 New and revised IFRS standards and interpretations but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17: *Insurance Contracts*. *Effective for annual period beginning on or after 1 January 2023*
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture. *Effective date deferred indefinitely. Adoption is permitted.*
- IAS 1: *Presentation of Financial Statements – Amendments on Classifications*. *Effective for annual period beginning on or after 1 January 2022*

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)****3. Summary of significant accounting policies****3.1 Basis of preparation**

This condensed interim financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34 “Interim Financial Reporting”.

The condensed interim financial information is presented in U.A.E. Dirham (AED) since that is the currency in which the majority of the Company’s transactions are denominated.

This condensed interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties. The Company presents its condensed statement of financial position broadly in the order of liquidity.

The accounting policies, presentation and methods in this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2019.

These condensed interim financial information do not include all the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual financial statements as at and for the year ended 31 December 2019. In addition, results for the three months period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

3.1.1 Judgements and estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements as at and for the year ended 31 December 2019.

4. Property and equipment

All property and equipment are located in U.A.E.

5. Investment properties

Investment property includes two plots of land, and rented out portion of a commercial building within UAE.

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as Level 3 in the fair value hierarchy as at 31 March 2020 (31 December 2019: Level 3).

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

6. Investment securities

The Company's investment securities at the end of reporting period are detailed below.

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Financial assets at fair value through profit or loss	126,718,084	124,022,367
Financial assets at fair value through other comprehensive income	11,243,516	11,285,852
Financial assets at amortised cost	24,192,500	24,192,500
Less: Provision for expected credit losses (ECL)	(28,323)	(36,252)
	162,125,777	159,464,467
Investments securities – Geographic concentration		
Investments made:		
- Within U.A.E.	121,490,335	125,913,496
- Outside U.A.E.	40,635,442	33,550,971
Total	162,125,777	159,464,467
Financial assets at fair value through profit or loss		
Equity investments – quoted	85,275,142	65,768,018
Equity investments – unquoted	10,000,000	10,000,000
Fixed income investments/ bonds – quoted	-	7,135,454
Investments on behalf of policyholders of unit-linked products	31,442,942	41,118,895
Total	126,718,084	124,022,367

Equity investments classified at fair value through profit or loss are designated in this category upon initial recognition.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

6. Investment securities (continued)

Movements in provision for ECL are as follows:

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Balance at the beginning of the year	36,252	858,246
Reversal for the period/year	(7,929)	(821,994)
Balance at the end of the period/year	28,323	36,252

7. Insurance contract liabilities and reinsurance contract assets

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Insurance contract liabilities		
Claims reported unsettled	160,292,974	150,269,111
Claims incurred but not reported	56,393,249	50,181,955
Life assurance fund	84,752,910	84,675,567
Unearned premium and unexpired risk	266,973,532	227,210,699
Total insurance contract liabilities, gross	568,412,665	512,337,332
Re-insurance contract assets		
Recoverable from reinsurers		
Claims reported unsettled	119,716,899	112,965,504
Claims incurred but not reported	30,731,147	27,893,098
Life assurance fund	6,118,703	6,200,608
Unearned premium and unexpired risk	124,953,902	108,140,397
Total reinsurers' share of insurance liabilities	281,520,651	255,199,607
Net		
Claims reported unsettled	40,576,075	37,303,607
Claims incurred but not reported	25,662,102	22,288,857
Life assurance fund	78,634,207	78,474,959
Unearned premium and unexpired risk	142,019,630	119,070,302
	286,892,014	257,137,725

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

8. Insurance and other receivables

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Premium receivables	61,451,660	16,581,589
Reinsurance companies	20,751,996	23,374,552
Insurance agents and brokers	107,878,038	85,721,199
Due from related parties	3,411,529	7,596,223
Accrual of interest and other income	8,681,256	3,081,614
Deferred acquisition cost	18,385,331	15,626,836
Advances and prepayments	9,455,886	2,583,450
Other receivables	7,985,922	10,537,408
	238,001,618	165,102,871
Less: Provision for ECL	(15,391,274)	(13,103,664)
	222,610,344	151,999,207

Movement in provision for ECL are as follows:

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Balance at the beginning of the period/year	13,103,664	13,230,084
Allowance made/(reversal) for the period/year	2,287,610	(126,420)
Balance at the end of the period/year	15,391,274	13,103,664

No interest is charged on overdue balances and no collateral is taken on insurance receivables.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

9. Bank balances and cash

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Cash on hand	34,038	34,601
Cash with banks	39,490,075	37,107,663
Statutory deposit	10,000,000	10,000,000
Fixed deposits	268,028,781	339,952,837
Less: Provision for ECL	(104,862)	(105,371)
Total bank balances and cash	317,448,032	386,989,730
Less: Deposits with maturities greater than three months	(272,963,514)	(282,315,522)
Cash and cash equivalents	44,484,518	104,674,208

Fixed deposits amounting to AED 17 million (31 December 2019: AED 16.4 million) under lien are against letters of guarantee (Note 17).

In accordance with the requirements of Federal Law No. 6 of 2007, on Establishment of Insurance Authority of U.A.E. and Organisation of its operations, the Company maintains a bank deposit of AED 10,000,000 (31 December 2019: AED 10,000,000) as a statutory deposit. This deposit has been pledged to the Bank as security against a guarantee issued by the Bank in favour of the Ministry of Economy and Commerce (Note 17).

Movements in provision for ECL are as follows:

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Balance at the beginning of the period/year	105,371	87,442
(Reversal)/allowance made during the period/year	(509)	17,929
Balance at the end of the period/year	104,862	105,371

10. Share capital

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Issued and fully paid (149,954,112 ordinary shares of AED 1 each)	149,954,112	149,954,112

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

11. Legal reserve

In accordance with the Company's Articles of Association and UAE Federal Law No. 2 of 2015, the Company transfers 10% of annual net profits, if any, to the legal reserve until it equals 50% of the share capital.

12. General reserve

General reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilized for any other purpose unless approved by the Ordinary General Assembly. No transfer to voluntary reserve is made during the period ended 31 March 2020.

13. Insurance and other payables

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Creditors	18,295,077	17,386,577
Reinsurance companies	45,701,181	41,499,798
Premium reserve withheld	60,550,486	51,024,860
Due to related parties	653,830	3,090,065
Deferred reinsurance commission	17,073,730	11,819,521
Accrued expenses	12,065,117	12,112,069
Commission payable	1,037,369	1,171,635
Other payable balances	11,443,870	13,403,196
	166,820,660	151,507,721

14. Payable to policyholders of unit-linked products

Movement during the period:

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
As at 1 January	41,118,895	41,018,157
Amount invested by policyholders	3,187,987	12,389,192
Amount withdrawn at redemption stage/lapse/surrender by policyholder	(4,417,653)	(19,095,706)
Change in fair value	(8,446,287)	6,807,252
Payable to policyholders of unit-linked products	31,442,942	41,118,895

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

15. Basic and diluted (loss) / earnings per share

	Three months period ended 31 March	
	2020	2019
	(unaudited)	(unaudited)
(Loss) / profit for the period (in AED)	(15,849,917)	11,469,540
Number of shares	149,954,112	149,954,112
Basic and diluted (loss)/earnings per share (in AED)	(0.11)	0.08

Basic (loss) / earnings per share is calculated by dividing the (loss) / profit for the period by the number of weighted average shares outstanding at the end of the reporting period. Diluted (loss)/ earnings per share is equivalent to basic (loss) / earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

16. Related party transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 (Revised). The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

16.1 At the end of the reporting period, amounts due from/to related parties were as follows:

	31 March 2020 (unaudited) AED	31 December 2019 (audited) AED
Due from related parties		
Insurance premium receivable	3,411,529	7,596,223
Due to related parties		
Insurance payable	653,830	3,090,065
Cash and cash equivalents		
Cash at bank	21,910,264	27,265,731
Short term deposit	138,768,264	200,692,321
	160,678,528	227,958,052

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

16. Related party transactions (continued)

16.2 During the period, the Company entered into the following transactions with related parties:

	Three months period ended	
	2020	31 March
	(unaudited)	2019
		(unaudited)
Key management personnel compensation		
Remuneration and short term benefits	2,099,823	1,728,281
End of service benefits	167,398	368,287
Other related parties		
Premiums	7,465,201	5,665,458
Claims paid	7,580,617	2,918,019
Dividend	9,535,168	14,302,752
Interest income	1,092,520	1,106,334

17. Contingent liabilities

	31 March	31 December
	2020	2019
	(unaudited)	(audited)
	AED	AED
Letters of guarantee	9,691,382	9,671,380

Fixed deposits amounting to AED 17 million (31 December 2019: AED 16.4 million) are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 10 million (31 December 2019: AED 10 million) favouring the Ministry of Economy and Commerce.

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

18. Dividend and directors' remuneration

At the Annual General Meeting held on 29 March 2020, the Shareholders approved a cash dividend of AED 14,995,411 at 0.10 dirhams per share for 2019 (2019: AED 22,493,117 at 0.15 dirhams per share for 2018). The Shareholders also approved Board of Directors' remuneration of AED 1,745,850 for 2019 (2019: AED 2,386,748 for 2018).

19. Segment information

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

Insurance premium represents the total income arising from insurance contracts. The Company does not conduct any business outside U.A.E. There are no transactions between the business segments.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

19. Segment information (continued)

	General insurance		Life assurance		Total	
	For the three months period ended 31 March		For the three months period ended 31 March		For the three months period ended 31 March	
	2020	2019	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED	AED	AED	AED	AED	AED
Underwriting income						
Gross written premium	161,762,213	130,161,124	17,120,370	13,181,722	178,882,583	143,342,846
Reinsurance ceded	(85,646,904)	(61,492,172)	(5,554,827)	(5,113,435)	(91,201,731)	(66,605,607)
Net premium	76,115,309	68,668,952	11,565,543	8,068,287	87,680,852	76,737,239
Change in unearned premium / unexpired risk	(21,638,578)	(11,421,371)	(1,310,750)	(689,611)	(22,949,328)	(12,110,982)
Net earned premium	54,476,731	57,247,581	10,254,793	7,378,676	64,731,524	64,626,257
Reinsurance commission earned	10,452,863	7,830,946	1,450,554	586,008	11,903,417	8,416,954
Total underwriting income	64,929,594	65,078,527	11,705,347	7,964,684	76,634,941	73,043,211
Underwriting expenses						
Net incurred claims	(39,012,599)	(33,684,828)	(11,818,828)	(5,132,759)	(50,831,427)	(38,817,587)
Commission incurred	(5,401,045)	(10,508,385)	(872,042)	(577,917)	(6,273,087)	(11,086,302)
Administrative expenses	(15,636,841)	(13,640,334)	(1,607,393)	(1,668,916)	(17,244,234)	(15,309,250)
Net underwriting expenses	(60,050,485)	(57,833,547)	(14,298,263)	(7,379,592)	(74,348,748)	(65,213,139)
Profit / (loss) before movement in life assurance fund	4,879,109	7,244,980	(2,592,916)	585,092	2,286,193	7,830,072
Movement in life assurance fund and payable to policyholders of unit linked products	-	-	9,516,705	(5,897,345)	9,516,705	(5,897,345)
Increase in fair value of investment held for unit linked products	-	-	(8,446,287)	3,805,811	(8,446,287)	3,805,811
Net income from investment securities - life	-	-	893,172	1,304,022	893,172	1,304,022
Underwriting profit /(loss) for the period	4,879,109	7,244,980	(629,326)	(202,420)	4,249,783	7,042,560
Interest and other income (net)					1,092,420	956,930
Net income from investment securities					(17,102,641)	9,544,566
Unallocated expenses					(4,089,479)	(6,074,516)
(Loss) / profit for the period					(15,849,917)	11,469,540

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

19. Segment information (continued)

	General insurance		Life assurance		Total	
	31 March	31 December	31 March	31 December	31 March	31 December
	2020	2019	2020	2019	2020	2019
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	AED	AED	AED	AED	AED	AED
Assets						
Property and equipment	26,711,824	26,953,580	-	-	26,711,824	26,953,580
Intangible assets	3,306,048	3,518,768	-	-	3,306,048	3,518,768
Investment properties	149,708,072	149,708,072	39,525,452	39,525,452	189,233,524	189,233,524
Investments securities	95,275,173	75,768,019	66,850,604	83,696,448	162,125,777	159,464,467
Reinsurance contract assets	258,362,498	231,139,633	23,158,153	24,059,974	281,520,651	255,199,607
Insurance and other receivables	177,598,866	147,598,477	45,011,478	4,400,730	222,610,344	151,999,207
Bank balances and cash	262,633,105	300,341,040	54,814,927	86,648,690	317,448,032	386,989,730
Total assets	973,595,586	935,027,589	229,360,614	238,331,294	1,202,956,200	1,173,358,883
Liabilities						
Provision for end of service indemnity	11,774,595	11,256,083	-	-	11,774,595	11,256,083
Insurance contract liabilities	459,289,365	403,635,573	109,123,300	108,701,759	568,412,665	512,337,332
Insurance and other payables	155,789,638	140,739,050	11,031,022	10,768,671	166,820,660	151,507,721
Payable to policyholders of unit linked products	-	-	31,442,942	41,118,895	31,442,942	41,118,895
Total liabilities	626,853,598	555,630,706	151,597,264	160,589,325	778,450,862	716,220,031
Equity						
Share capital					149,954,112	149,954,112
Legal reserve					74,977,056	74,977,056
General reserve					74,977,056	74,977,056
Cumulative change in fair value of investments in FVOCI					212,516	254,852
Retained earnings					124,384,598	156,975,776
Total equity					424,505,338	457,138,852
Total liabilities and equity					1,202,956,200	1,173,358,883

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

20. Classes and categories of financial assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities and their fair value:

31 March 2020 (unaudited)

	FVTPL AED	FVOCI AED	Amortised cost AED	Total AED
Financial assets:				
Investment securities	126,718,084	11,241,961	24,165,732	162,125,777
Insurance and other receivables	-	-	194,769,127	194,769,127
Bank balances and cash	-	-	317,448,032	317,448,032
	<u>126,718,084</u>	<u>11,241,961</u>	<u>536,382,891</u>	<u>674,342,936</u>
Financial liabilities:				
Insurance and other payables	-	-	149,374,808	149,374,808
Payable to policyholders of unit-linked products	-	-	31,442,942	31,442,942
	<u>-</u>	<u>-</u>	<u>180,817,750</u>	<u>180,817,750</u>

31 December 2019 (audited)

	FVTPL AED	FVOCI AED	Amortised cost AED	Total AED
Financial assets:				
Investment securities	123,986,115	11,285,852	24,192,500	159,464,467
Insurance and other receivables	-	-	133,500,403	133,500,403
Bank balances and cash	-	-	386,989,730	386,989,730
	<u>123,986,115</u>	<u>11,285,852</u>	<u>544,682,633</u>	<u>679,954,600</u>
Financial liabilities:				
Insurance and other payables	-	-	139,688,201	139,688,201
Payable to policyholders of unit-linked products	-	-	41,118,895	41,118,895
	<u>-</u>	<u>-</u>	<u>180,807,096</u>	<u>180,807,096</u>

21. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)****21. Fair value measurements (continued)****Fair value of financial instruments carried at amortised cost**

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed interim financial information approximate their fair values.

Fair value of financial instruments carried at fair value*Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2019.

Fair value measurements recognised in the condensed statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

The following table provides an analysis of financial and non- financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)**

21. Fair value measurements (continued)

Fair value of financial items carried at fair value (continued)

Fair value measurements recognised in the condensed statement of financial position (continued)

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets	Fair value as at 31 March 2020 (unaudited) AED	31 December 2019 (audited) AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
FVOCI						
Quoted debt securities	11,241,961	11,285,852	Level 1	Quoted bid prices in an active market.	None.	N/A
FVTPL						
Quoted equity securities	85,275,142	65,768,018	Level 1	Quoted bid prices in an active market.	None.	N/A
Quoted debt securities	-	7,099,202	Level 1	Quoted bid prices in an active market.	None.	N/A
Unit linked products	31,442,942	41,118,895	Level 2	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Unquoted equity securities	10,000,000	10,000,000	Level 3	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

**Notes to the condensed interim financial information
for the three months period ended 31 March 2020 (continued)****22. COVID 19 impacts**

The existence of the novel coronavirus (Covid-19) was confirmed in early 2020 and its rapid spread across the globe is causing disruptions to businesses and economic activity. During the current period, the Company has not witnessed any material impact on its new business and renewals due to COVID-19. There will be however foreseeable impact on motor, energy and personal life business. Overall, management is not anticipating any steep reduction on gross premium revenue during the rest of the year.

The Company foresees lower frequency on medical claims relating to elected treatments as those are cancelled or postponed and expects higher frequency of Covid-19 related claims. The reinsurers have not raised any concern or objection to accepting this risk. For life, the Company expects some cases of mortality, the impact on severity of claims is anticipated to be extremely low due to low rate of deaths. The Company also expects certain general line of business to have indirect impact due to Covid-19 especially from labour guarantee and credit insurance, however, it is difficult to quantify the same at this stage.

Further, the Company is engaged with reinsurance companies with good ratings and with no history of default or delays. Specific measures are done to assess probability of impairment and possible defaults or delay in collection or payment of outstanding debts. The Company maintains to be adequately liquid to respond with the demands from operations and other requirements presented. The Company has strong solvency margins and the board investment committee is closely monitoring the situation to also capitalize on investment opportunities.

The Company has implemented business continuity plan that includes all the procedures and protocols during the current situation and has formed Crisis Management Committee reporting to Chief Executive Officer. Remote working plans have been initiated and measures were taken to ensure uninterrupted business. The Company has also undertaken risk prevention measures on fraud and cyber threats with the understanding that malicious elements might be viewing the current situation as an opportunity.

The Company will continue to monitor the impact of COVID-19 on its operations and will take necessary action as needed.

23. Approval of the condensed interim financial information

The condensed interim financial information were approved by the Board of Directors and authorised for issue on 10 May 2020.