Dubai National Insurance & Reinsurance Co. (P.S.C.)
Dubai - United Arab Emirates

Auditor's review report on condensed interim financial information for the three months period ended March 31, 2020

Dubai National Insurance & Reinsurance Co. (P.S.C.)
Dubai - United Arab Emirates

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Independent auditor's report on review of condensed interim financial statements

To,
The Shareholders
Dubai National Insurance & Reinsurance Co. (P.S.C.)
Dubai - United Arab Emirates

Introduction

We have reviewed the accompanying condensed interim financial statements of **Dubai National Insurance & Reinsurance Co. (P.S.C.), Dubai - United Arab Emirates** (the "Entity") which comprise the condensed interim statement of financial position as at **March 31, 2020** and the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three months period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 - Interim Financial Reporting ("IAS 34"). 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 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

For, Crowe MAK

Dr. Khalid Maniar

Founder & Managing Partner

Reg. No : 24

May 19, 2020

Dubai National Insurance & Reinsurance (P.S.C.)
Dubai - United Arab Emirates

Condensed interim statement of financial position as at March 31, 2020 (unaudited)
In Arab Emirates Dirham (in thousands)

	Notes	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Assets			
Non-current assets			
Statutory deposits	4	**10,000**	10,000
Property and equipment		**553**	564
Investment properties	5	**73,590**	74,052
Total non-current assets		**84,143**	84,616
Current assets			
Financial assets at fair value through other comprehensive income (FVTOCI)	6	**347,511**	502,600
Insurance receivables		**95,941**	96,988
Other receivables		**41,446**	29,191
Due from related parties	7	**32,189**	23,470
Reinsurance contract assets		**294,568**	229,804
Cash and bank balances	8	**83,286**	113,931
Total current assets		**894,941**	995,984
Total assets		**979,084**	1,080,600
Equity and liabilities			
Equity			
Share capital		**115,500**	115,500
Legal reserves		**57,750**	57,750
General reserves		**180,000**	180,000
Fair value reserves on financial assets at fair value through other comprehensive income (FVTOCI)		**2,768**	157,857
Retained earnings		**44,585**	58,336
Total equity		**400,603**	569,443
Non-current liabilities			
Employees' end of service benefits		**6,653**	6,479
Total non-current liabilities		**6,653**	6,479
Current liabilities			
Insurance contract liabilities		**410,489**	341,957
Insurance payables		**120,781**	115,648
Other payables		**40,558**	46,130
Due to related parties	7	**-**	943
Total current liabilities		**571,828**	504,678
Total liabilities		**578,481**	511,157
Total equity and liabilities		**979,084**	1,080,600

The accompanying notes form an integral part of these condensed interim financial information.
The review report of the auditor is set out on page 1.

The condensed interim financial information on pages 2 to 13 were approved on May 19, 2020 by Board of Directors and signed on their behalf by:

Sultan Ahmad Al Habtoor
Vice Chairman

Mohammed Khalaf Al Habtoor
Managing Director

Sunil.

Dubai National Insurance & Reinsurance Co. (P.S.C.)
Dubai - United Arab Emirates

Condensed interim statement of profit or loss for the three months period ended March 31, 2020 (unaudited)
In Arab Emirates Dirham (in thousands)

	Note	**Three months period ended March 31, 2020 (Unaudited)**	Three months period ended March 31, 2019 (Unaudited)
Gross premium		**96,913**	93,782
Reinsurance share of premium		**(64,177)**	(61,903)
Net premium		**32,736**	31,879
Net transferred to unearned premium reserves		**(2,287)**	(1,936)
Net premium earned		**30,449**	29,943
Commission earned		**5,194**	5,292
Commission paid		**(11,295)**	(10,179)
Others		**305**	125
Gross underwriting income		**24,653**	25,181
Gross claims		**56,365**	49,935
Reinsurance share		**(45,679)**	(41,718)
Net claims paid		**10,686**	8,217
Provisions for outstanding claims and technical provisions		**64,518**	20,243
Reinsurance share of outstanding claims and technical provisions		**(63,036)**	(16,274)
Net claims incurred		**12,168**	12,186
Net underwriting income		**12,485**	12,995
Income from investments - net		**19,176**	18,385
Income from investments properties - net		**1,763**	1,600
Total income		**33,424**	32,980
General and administrative expenses		**(6,750)**	(6,967)
Net profit for the period		**26,674**	26,013
Earnings per share;			
Basic and diluted	9	**0.23**	0.23

The accompanying notes form an integral part of these condensed interim financial information.
The review report of the auditor is set out on page 1.

Dubai National Insurance & Reinsurance Co. (P.S.C.)
Dubai - United Arab Emirates

Condensed interim statement of other comprehensive income for the three months period ended March 31, 2020 (unaudited)
In Arab Emirates Dirham (in thousands)

	Three months period ended March 31, 2020 (Unaudited)	Three months period ended March 31, 2019 (Unaudited)
Net profit for the period	**26,674**	26,013
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net unrealised (loss) / profit on financial assets at fair value through other comprehensive income (FVTOCI)	**(155,089)**	23,407
Total comprehensive (loss) / income for the period	**(128,415)**	49,420

The accompanying notes form an integral part of these condensed interim financial information.
The review report of the auditor is set out on page 1.

Dubai National Insurance & Reinsurance Co. (P.S.C.)
Dubai - United Arab Emirates

Condensed interim statement of changes in shareholders equity for the three months period ended March 31, 2020 (unaudited)
In Arab Emirates Dirham (in thousands)

	Share capital	Legal reserves	Obligatory reserves	General reserves	Fair value reserves on financial assets at fair value through other comprehensive income	Retained earnings	Total shareholders' equity
Balance as at January 1, 2019 (Audited)	115,500	57,750	28,875	180,000	95,110	63,810	541,045
Profit for the period	-	-	-	-	-	26,013	26,013
Net unrealized profit on financial asset at fair value through other comprehensive income	-	-	-	-	23,407	-	23,407
Other comprehensive income	-	-	-	-	23,407	26,013	49,420
Transferred from obligatory reserves to retained earnings	-	-	(28,875)	-	-	28,875	-
Dividends	-	-	-	-	-	(86,625)	(86,625)
Balance as at March 31, 2019 (unaudited)	115,500	57,750	-	180,000	118,517	32,073	503,840
Balance as at January 1, 2020 (Audited)	115,500	57,750	-	180,000	157,857	58,336	569,443
Profit for the period	-	-	-	-	-	26,674	26,674
Net unrealized (loss) on financial asset at fair value through other comprehensive income	-	-	-	-	(155,089)	-	(155,089)
Other comprehensive (loss)	-	-	-	-	(155,089)	26,674	(128,415)
Dividends	-	-	-	-		(40,425)	(40,425)
Balance as at March 31, 2020 (Unaudited)	115,500	57,750	-	180,000	2,768	44,585	400,603

The accompanying notes form an integral part of these condensed interim financial information.
The review report of the auditor is set out on page 1.

Dubai National Insurance & Reinsurance Co. (P.S.C.)
Dubai - United Arab Emirates

Condensed interim statement of cash flows for the three months period ended March 31, 2020 (Unaudited)
In Arab Emirates Dirham (in thousands)

	Three months period ended March 31, 2020 (Unaudited)	Three months period ended March 31, 2019 (Unaudited)
Cash flows from operating activities		
Net profit for the period	**26,674**	26,013
Adjustments for:		
Provision for employees' end of service benefits	**252**	300
Depreciation on property and equipment	**75**	77
Depreciation on investment properties	**462**	460
Income from investments - net	**(19,176)**	(18,385)
Income from investment properties	**(1,763)**	(1,600)
Operating profit before changes in working capital	**6,524**	6,865
Increase / (decrease) in current assets		
Insurance receivables	**1,047**	(1,049)
Reinsurance contract assets	**(64,764)**	(22,868)
Other receivables	**(12,255)**	(8,977)
Increase / (decrease) in current liabilities		
Insurance contract liabilities	**68,532**	28,772
Insurance payables	**5,133**	10,173
Other payables	**(5,572)**	(4,490)
Due from / to related parties - net	**(9,662)**	(12,505)
Cash (used in) operations	**(11,017)**	(4,079)
Employees' end-of-services benefits paid	**(78)**	(78)
Net cash (used in) operating activities	**(11,095)**	(4,157)
Cash flows from investing activities		
Purchase of property and equipment	**(64)**	(41)
Income from investments - net	**19,176**	18,385
Income from investment properties	**1,763**	1,600
Net cash from investing activities	**20,875**	19,944
Cash flows from financing activities		
Dividends paid	**(40,425)**	-
Net cash (used in) financing activities	**(40,425)**	-
Net (decrease) / increase in cash and cash equivalents	**(30,645)**	15,787
Cash and cash equivalents, beginning of the period	**113,931**	142,544
Cash and cash equivalents, end of the period	**83,286**	158,331
Cash and cash equivalents		
Bank balance and cash in hand	**37,472**	61,075
Short term deposits	**45,814**	97,256
	83,286	158,331

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

The review report of the auditor is set out on page 1.

1 Legal status and business activities

1.1 **Dubai National Insurance & Reinsurance Co. (P.S.C.), Dubai** (the "Entity") was incorporated as a public shareholding company in Emirates of Dubai - United Arab Emirates established on January 06, 1992. The shares of the Entity are listed on the Dubai Financial Market.

1.2 The Entity is licensed to engage in insurance and reinsurance of all classes of business in accordance with the provisions of United Arab Emirates Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of Insurance Operations.

1.3 The registered office of the Entity is located at floor no.7 & 9, Dubai National Insurance Building, Port Saeed, P.O. Box 1806, Dubai - United Arab Emirates.

2 Basis of preparation

2.1 Basis of preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and is presented in Arab Emirates Dirham (AED) which is the functional and presentation currency of the Entity and rounded off to nearest thousands.

These condensed interim financial statements have been prepared on the historical cost basis, except for revaluation of certain financial instruments.

The accounting policies and methods of computation adopted in preparing these condensed interim financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2019.

All aspects of the financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended December 31, 2019.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

The interim result for the three months period ended March 31, 2020 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2020.

The preparation of these condensed interim financial statements require the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, 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 for the year ended December 31, 2019.

3 Significant accounting policies

The accounting policies used in the preparation of condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2019. Certain amendments to accounting standards and annual improvements, as disclosed in the Entity's most recent annual financial statements for the year ended December 31, 2019, are applicable to the Entity but do not have any material impact on these condensed interim financial information's.

3 Significant accounting policies (continued)

Critical accounting estimates and judgements in applying accounting policies

The Entity makes estimates and assumptions 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 Entity's most critical accounting estimate. These estimates are continually reviewed and updated and adjustments resulting from this review are reflected in the condensed interim financial information. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculation), is an appropriate basis for predicting future events.

Fair value of unquoted securities

Fair value of unquoted securities has been determined by the Entity based on Earnings Multiples and Net Assets Value Technique using observable market data of comparable public entities, certain discount factors and unobservable financial data of these non-public investees. Actual results may substantially be different. Further information on using the estimates is mentioned in note 6 to the condensed interim financial information.

Allowance for doubtful debts

Allowances for doubtful debts are determined using a combination of factors to ensure that insurance receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's inability to meet its financial obligations.

In Arab Emirates Dirham (in thousands)

4 Statutory deposits	**March 31, 2020 (Unaudited)**	December 31, 2019 (Audited)
Held with a local bank	**10,000**	10,000
	10,000	10,000

Statutory deposits held with a local bank in Dubai, UAE represent deposit held under a lien in favor of the Ministry of Economy and Planning in accordance with Article 42 of Federal Law No. (6) of 2007 on Establishment of the Insurance Authority and Organisation of its Operations relating to insurance companies and brokers. The deposit cannot be withdrawn without prior approval from the Ministry of Economy and Planning.

5 Investment properties

Balance at the beginning of the period / year	**105,721**	105,721
Accumulated depreciation for the period / year	**(32,131)**	(31,669)
Balance at the end of the period / year	**73,590**	74,052

6 Financial assets at fair value through other comprehensive income

Financial assets measured at fair value in the statement of financial position are grouped into three levels of 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 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

March 31, 2020 (Unaudited)

	Level 1	Level 3	**Total**
Investments in quoted securiti **(a)**	**280,628**	**-**	**280,628**
Investments in unquoted secu **(b)**	**-**	**66,883**	**66,883**
	280,628	**66,883**	**347,511**

As at December 31, 2019 (Audited)

	Level 1	Level 3	Total
Investments in quoted securit (a)	435,717	**-**	435,717
Investments in unquoted secu (b)	-	66,883	66,883
	435,717	66,883	502,600

*The title of unquoted securities is held by related parties for the beneficial interest of the Entity.

a- Fair values have been determined by reference to quoted prices at the reporting date.

b- The Company holds investments in unquoted equity securities of three entities as at March 31, 2020 (as at December 31, 2019: three entities). These investments have been fair valued by an independent valuer based on an Earnings Multiple and net assets valuation techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of these non-public investees. Unobservable financial data used in determining the fair values of these unquoted securities has been extracted from their latest available audited financial statements for the year ended December 31, 2018.

Management believes the fair value of these unquoted investments would not be significantly different if financial data of these non public investees as at March 31, 2020 could be used based on its availability. All unquoted securities fall under level 3 of fair value hierarchy, therefore use of estimates is significant.

In Arab Emirates Dirham (in thousands)

7 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

		March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
a)	**Due from related parties**		
	(Under common directorship)		
	Diamondlease LLC	**3,774**	4,235
	Al Habtoor Theatre LLC	**7,201**	7,851
	Dubai National Investment Company	**1,423**	1,854
	North Hotel LLC	**990**	990
	Other Habtoor Group companies	**18,801**	8,540
		32,189	23,470
b)	**Due from related parties**		
	(Under common ownership)		
	Al Habtoor Motors Co LLC	**-**	943
	Other Habtoor Group companies	**-**	943

c) Transactions with related parties
The nature of significant related party transactions and amounts involved were as follows:

	For three months period ended March 31, 2020	2019
Premium written	**14,684**	20,615
Claims paid	**2,531**	3,087
Agency / non-agency repairs	**3,812**	6,343
Commission paid	**846**	750

d) Key management personnel compensation

The compensation of key management personnel is as follows:

	2020	2019
- Short term benefits	**1,070**	1,088
- Post employment benefits	**116**	286
	1,186	1,374

8 Cash and bank balances

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash in hand and at banks	**83,286**	113,931
	83,286	113,931

Cash in hand and at banks includes short term deposits (3-12 months) with local banks carrying interest ranging from 1.75% to 2.95% (2019: 2.15% to 2.95%) per annum.

In Arab Emirates Dirham (in thousands)

9 Earning per share	**March 31, 2020 (Unaudited)**	March 31, 2019 (Unaudited)
Net profit for the period (AED)	**26,674**	26,013
Weighted average number of ordinary shares	**115,500,000**	115,500,000
Earning per share (AED)		
Basic and diluted	**0.23**	0.23

The Entity does not have potentially diluted shares and accordingly diluted earning per share is equal to basic earning per share.

In Arab Emirates Dirham (in thousands)

10 Segment information

The Entity operates two main business segments: Underwriting and Investments.

Underwriting segment is further classified into General Insurance and Life Insurance. Investments segment comprises Investment Property and Financial Assets. The life insurance provided by the Entity is for a period of 12 months and does not include any investment portion.

	Three months period ended March 31, 2020 (unaudited)			Three months period ended March 31, 2019 (unaudited)		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment revenue	**96,913**	**22,302**	**119,215**	93,782	21,449	115,231
Segment results	**12,485**	**20,939**	**33,424**	12,995	19,985	32,980
Unallocated:						
General and administrative expenses	**-**	**-**	**(6,750)**	-	-	(6,967)
Net profit for the period			**26,674**			26,013

	As at March 31, 2020 (Unaudited)			As at December 31, 2019 (Unaudited)		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment assets	**464,697**	**421,101**	**885,798**	380,017	576,652	956,669
Unallocated assets	**-**	**-**	**93,286**	-	-	123,931
Total assets			**979,084**			1,080,600
Segment total liabilities	**572,043**	**6,438**	**578,481**	505,739	5,418	511,157

11 Commitments and contingencies

In the normal course of business, the Entity's bankers have issued guarantees in favour of third parties amounting to AED 0.175 million (December 31, 2019: AED 0.175 million).

The Entity is subject to litigation in the normal course of its business. Although the ultimate outcome of these claims cannot presently be determined, adequate provisions have been made for any liability that may result, based on management’s best estimates.

12 Dividends

The Board proposed cash dividend of AED 40.425 million (AED 0.35 per share) representing 35% of the paid up capital as at 31 December 2019. This was approved at the Annual General Meeting held on March 08, 2020 and distributed on March 25, 2020.

13 Events effecting the operations

The outbreak of the Covid-19 pandemic has caused worldwide significant financial and economic impact on all industries and sectors of the economy. The Entity has proactively implemented a business continuity plan and remote working plans to minimize business interruptions by providing timely and nonstop service to all clients and business partners. Resultantly the Entity does not foresee a significant impact on the Gross Written Premiums in subsequent periods. The Entity does not anticipate any major impact in relation to the Covid-19 situation due to its lower retention levels and the reinsurance being placed with internationally reputed “A” rated reinsurers. The Entity continues to maintain a strong liquidity position and robust solvency margins that remain significantly higher than the mandated requirement. The Entity’s investment portfolio comprises long positions taken on large and financially stable corporations that generate consistent yearly cash dividends. All dividends declared by the investee companies as of the reporting date have been subsequently received by the Entity.