

Al Sagr National Insurance Company (PSC)

Condensed interim financial information (Unaudited)

For the three-month period ended 31 March 2025

**Report on Review of the
Condensed Interim Financial Information
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 31 March 2025 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three-month period then ended, and material accounting policy information and other explanation 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". 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".

Material Uncertainty Related to Going Concern

We draw attention to note 18 of the financial statements, which states that as of 31 March 2025, the Company did not meet the Solvency Capital Requirement of AED 303.2 million and had a solvency margin deficit of AED 506.4 million. Further, the Company have accumulated losses of AED 189.8 million (31 December 2024: AED 180.4 million). These conditions indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The accompanying financial statements have been prepared on a going concern basis as the Board of directors have approved a solvency recovery plan. The Company's ability to comply with the solvency requirement depends on effective implementation of the solvency recovery plan, which has been submitted to the Central Bank of UAE. Our conclusion is not modified in respect of this matter.

GRANT THORNTON UAE


Anand Prabhu
Registration No. 5567
Dubai, United Arab Emirates

**14 July 2025**

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

Condensed interim statement of financial position
As at 31 March 2025

		(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
	Notes		
ASSETS			
Property and equipment		8,904,037	9,173,720
Investment in associates	4	147,514,490	148,474,490
Investment in financial assets at FV"ITP".	5	19,442,397	20,008,354
Investment property	6	157,931,894	157,931,895
Insurance contract assets	7	160,373,967	125,191,875
Reinsurance contract assets	7	94,737,731	70,539,377
Due from related parties	11	-	8,793,779
Other receivables and prepayments		18,330,397	17,141,454
Cash and bank balances	8	280,022,058	280,210,566
TOTAL ASSETS		887,256,971	837,465,510
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	230,000,000	230,000,000
Statutory reserve	10	-	-
Reinsurance reserve	10	5,596,894	5,596,894
Accumulated losses		(189,750,288)	(180,416,594)
TOTAL EQUITY		45,846,606	55,180,300
LIABILITIES			
Provision for employees' end of service benefits		6,089,985	6,372,861
Bank borrowings	8	227,811,502	260,442,592
Other payables		15,772,595	18,781,305
Insurance contract liabilities	7	330,017,018	311,787,072
Reinsurance contract liabilities	7	255,453,697	178,228,859
Lease liability		6,265,568	6,672,521
TOTAL LIABILITIES		841,410,365	782,285,210
TOTAL EQUITY AND LIABILITIES		887,256,971	837,465,510

The condensed interim financial information was authorised for issue in accordance with a resolution of the Directors on 14 July 2025


Majid Abdulla Al Sari
Chairman


Abdel Muhsen Jaber
CEO

The notes from 1 to 20 form an integral part of these 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 31 March 2025

	Notes	(Unaudited) Three months period ended 31 March 2025 AED	(Unaudited) Three months period ended 31 March 2024 AED
Insurance premium		219,657,603	244,109,786
Insurance service expenses	13	(229,144,980)	(294,423,801)
Insurance service result before reinsurance contracts held		(9,487,377)	(50,314,015)
Allocation of reinsurance premiums		(50,557,659)	(85,188,420)
Amounts recoverable from reinsurance for incurred claims		64,719,497	87,927,408
Net income from reinsurance contracts held		14,161,838	2,738,988
Insurance service result		4,674,461	(47,575,027)
Investment (expense) / income	14	(9,059,331)	3,736,509
Insurance finance expense for insurance contracts issued	14	(4,592,382)	(4,434,347)
Reinsurance finance income for reinsurance contracts held	14	1,931,151	2,663,745
Net insurance financial income / (expense)		(7,046,101)	(45,609,120)
Finance costs		(2,287,593)	(2,279,280)
Loss for the period before tax		(9,333,694)	(47,888,400)
Income tax credit		-	-
Loss for the period after tax		(9,333,694)	(47,888,400)
Other comprehensive income		-	-
Total Comprehensive Loss for the Period		(9,333,694)	(47,888,400)
Basic and diluted loss per share	12	(0.04)	(0.21)

The notes from 1 to 20 form an integral part of these 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 31 March 2025

	Share capital AED	Statutory reserve AED	Reinsurance reserve AED	Accumulated losses AED	Total equity AED
Balance as at 1 January 2025 (Audited)	230,000,000	-	5,596,894	(180,416,594)	55,180,300
Loss for the period	-	-	-	-	-
Other comprehensive income	-	-	-	(9,333,694)	(9,333,694)
Total comprehensive loss for the period	-	-	-	(9,333,694)	(9,333,694)
Balance as at 31 March 2025 (Unaudited)	230,000,000	-	5,596,894	(189,750,288)	45,846,606
Balance as at 1 January 2024 (Audited)	230,000,000	70,848,081	4,235,793	(95,708,302)	209,375,572
Loss for the period	-	-	-	(47,888,400)	(47,888,400)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(47,888,400)	(47,888,400)
Balance as at 31 March 2024 (Unaudited)	230,000,000	70,848,081	4,235,793	(143,596,702)	161,487,172

The notes from 1 to 20 form an integral part of these 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 31 March 2025

		(Unaudited) Three months period ended 31 March 2025 AED	(Unaudited) Three months period ended 31 March 2024 AED
	Notes		
OPERATING ACTIVITIES			
Loss for the period		(9,333,694)	(47,888,400)
<i>Adjustments for:</i>			
Net unrealised gain from investments in financial assets at FVTPL	14	565,956	18,102
Share of losses from equity accounted investees	4	810,000	(1,911,738)
Impairment of investment in associate	4	150,000	-
Depreciation		269,683	599,117
Finance costs		2,287,593	2,279,280
Interest income	14	(2,150,618)	(3,247,410)
Dividend income from investment in financial assets at FVTPL	14	(566,512)	-
Provision for employees' end of service benefits		139,910	240,000
Interest on lease liability		94,251	116,453
		(7,733,431)	(49,794,596)
<i>Changes in operating assets and liabilities:</i>			
Insurance contract assets and liabilities-net		(16,952,146)	39,856,827
Reinsurance contract assets and liabilities-net		53,026,485	22,078,635
Due from related parties		8,793,779	-
Other receivables and prepayments		(1,188,943)	(1,883,651)
Other payables		(3,008,710)	20,227,957
		32,937,034	30,485,172
Employees' end of service benefits paid		(422,786)	(81,855)
Net cash generated from operating activities		32,514,248	30,403,317
INVESTING ACTIVITIES			
Purchase of property and equipment		-	(27,167)
Net proceeds from sale of equipment		-	-
Interest received		2,150,618	3,247,410
Dividend received from investment in financial assets at FVTPL		566,512	-
Net cash generated from investing activities		2,717,130	3,220,243
FINANCING ACTIVITIES			
Interest paid		(2,287,593)	(2,279,280)
Payment of lease liability		(501,203)	(501,203)
Net cash used in financing activities		(2,788,796)	(2,780,483)
Net change in cash and cash equivalents		32,442,582	30,843,077
Cash and cash equivalents at the beginning of period		19,767,974	49,275,689
Cash and cash equivalents at the end of period	8	52,210,556	80,118,766

The notes from 1 to 20 form an integral part of these 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 31 March 2025

1 Legal status and activities

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

The 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

This condensed interim financial information is for the three-month period ended 31 March 2025 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 complies with the applicable requirements of the laws in the U.A.E.

This condensed interim financial information has been prepared on the historical cost basis, except for financial assets carried at fair value through other comprehensive income which are carried at fair value and the provision for employees' end of service indemnity which is measured in accordance with U.A.E labour laws.

The Company's condensed interim statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: Cash and cash equivalents, insurance and other receivables and insurance and other payables. The following balances would generally be classified as non-current: property and equipment and fixed deposit. The following balances are of mixed nature (including both current and non-current portions): Investment in financial assets at FVTPL, insurance and reinsurance contract assets, insurance and reinsurance contract liabilities, bank balances and provision for employees' end of service indemnity.

The condensed interim financial information does not include all the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2024. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

As disclosed in note 18 of the financial statements, as at 31 March 2025, the Company did not meet the Solvency Capital Requirement of AED 303.2 million and solvency margin deficit of AED 506.4 million. Further, the Company have accumulated losses of AED 189.8 million (31 December 2024: AED 180.4 million). The Company's ability to comply with the solvency requirement depends on the effective implementation of its solvency recovery plan, which is submitted to the Central Bank of UAE. However, as certain actions included in the plan are not wholly within management's control, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

3 Material accounting policy information

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2024, except for application of new standards effective as of 1 January 2025 and several amendments and interpretations apply for the first time in 2025.

Standards, interpretations and amendments to existing and new standards

There are no accounting pronouncements which have become effective from 1 January 2025 that have a significant impact on the condensed interim financial information.

Critical accounting estimates and judgments in applying accounting policies

The preparation of this 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.

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

Notes to the condensed interim financial information
For the period ended 31 March 2025

3 Material accounting policy information (continued)

Critical accounting estimates and judgments in applying accounting policies

In preparing this 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 in the audited financial statements as at and for the year ended 31 December 2024.

Insurance and financial risk management

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2024. There have been no changes in any risk management policies since the year end.

Discount rates

The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2025	2024	2025	2024	2025	2024	2025	2024
Insurance contract issued	4.63%	5.76%	4.30%	4.96%	4.30%	4.68%	4.44%	4.53%
Reinsurance contract held	4.63%	5.76%	4.30%	4.96%	4.30%	4.68%	4.44%	4.53%

Al Sagr National Insurance Company (PSC)
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Notes to the condensed interim financial information
For the period ended 31 March 2025

4 Investment in associates

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
Al Sagr Cooperative Insurance Company, K.S.A	147,497,774	148,307,774
Sogour Al Khaleej General Trading L.L.C., U.A.E.	150,000	150,000
Green Air Technology L.L.C., U.A.E.	16,716	16,716
Less: Impairment of investment in associates	(150,000)	-
	<u>147,514,490</u>	<u>148,474,490</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. Impairment of AED 150,000 solely relates to investment in Sogour Al Khaleej General Trading L.L.C.

As at 31 March 2025, the Company hold 26% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). Out of the 26% shares, the Company holds 4.4% shares for the beneficial interest of other individuals. The Company accounts for the 21.6% holding as an investment in associate as the Company has significant influence over Al Sagr Cooperative under the equity method as follows:

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
At the beginning of the period/year	148,307,774	110,635,141
Subscription of right shares during the period/year	-	37,387,729
Company's share of net (loss) / profit for the period/year	(810,000)	4,467,550
Impairment charged during the period/year	-	(4,182,646)
At the end of the period/year	<u>147,497,774</u>	<u>148,307,774</u>

5 Investment in financial assets at fair value through profit or loss (FVTPL)

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

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
At the beginning of the period/year	20,008,354	22,266,295
Disposals during the period/year	-	(1,093,830)
ECL charged during the period/year	-	(2,500,000)
Changes in fair value during the period/year	(565,957)	1,335,889
At the end of the period/year	<u>19,442,397</u>	<u>20,008,354</u>

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

Notes to the condensed interim financial information
For the period ended 31 March 2025

6 Investment property

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
Investment property	<u>157,931,894</u>	<u>157,931,895</u>

Investment property is in Al Barsha First, Dubai. The fair value of the property is based on valuation performed by accredited independent valuer as at 31 December 2024. Management have reviewed the fair value of investment property as at 31 March 2025 and are of the opinion that there is no significant change in the fair value compared to previous valuation carried at 31 December 2024.

7 Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	31 March 2025 (Unaudited)			31 December 2024 (Audited)		
	Assets AED	Liabilities AED	Net AED	Assets AED	Liabilities AED	Net AED
Insurance contracts issued						
Life and Medical	94,964,678	(1,368,880)	93,595,798	-	(3,201,619)	(3,201,619)
General and Motor	65,409,289	(328,648,138)	(263,238,849)	125,191,875	(308,585,453)	(183,393,578)
Total insurance contracts issued	<u>160,373,967</u>	<u>(330,017,018)</u>	<u>(169,643,051)</u>	<u>125,191,875</u>	<u>(311,787,072)</u>	<u>(186,595,197)</u>
Reinsurance contracts held						
Life and Medical	700,370	(207,380,592)	(206,680,222)	-	(94,966,694)	(94,966,694)
General and Motor	94,037,362	(48,073,106)	45,964,256	70,539,377	(83,262,165)	(12,722,788)
Total reinsurance contracts held	<u>94,737,732</u>	<u>(255,453,698)</u>	<u>(160,715,966)</u>	<u>70,539,377</u>	<u>(178,228,859)</u>	<u>(107,689,482)</u>

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

The Company disaggregates information to provide disclosure in respect of major product lines separately: Life & Medical and General & Motor. This disaggregation has been determined based on how the company is managed.

Personal accident insurance

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table on the next page:

Al Sagr National Insurance Company (PSC)

Notes to the condensed interim financial information
For the period ended 31 March 2025

7 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

	Life and Medical				General and Motor			
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment
	AED	AED	AED	AED	AED	AED	AED	AED
31 March 2025 (Unaudited)								
Insurance contract liabilities as at 1 January	(76,943,933)	3,208,350	75,430,894	1,506,308	112,219,254	9,857,119	178,714,868	7,794,212
Insurance contract assets as at 1 January	-	-	-	-	(243,694,222)	1,363,236	113,468,947	3,670,164
Net contract assets as at 1 January	(76,943,933)	3,208,350	75,430,894	1,506,308	(131,474,968)	11,220,355	292,183,815	11,464,376
Insurance revenue	(68,690,560)	-	-	-	(150,967,043)	-	-	-
Insurance service expenses	4,643,787	(3,208,350)	57,157,632	(491,117)	25,109,666	(5,063,844)	149,586,841	1,410,365
Incurred claims and other expenses	-	-	42,137,706	637,746	-	-	138,558,663	5,567,699
Amortisation of insurance acquisition cash flows	4,643,787	-	-	-	25,109,666	-	-	-
Losses on onerous contracts and reversals of those losses	-	(3,208,350)	-	-	-	(5,063,844)	-	-
Changes to liabilities for incurred claims	-	-	15,019,926	(1,128,863)	-	-	11,028,178	(4,157,334)
Insurance service result	(64,046,773)	(3,208,350)	57,157,632	(491,117)	(125,857,377)	(5,063,844)	149,586,841	1,410,365
Insurance finance expenses	-	-	924,567	19,248	-	-	3,502,075	146,492
Total changes in the statement of comprehensive	(64,046,773)	(3,208,350)	58,082,199	(471,869)	(125,857,377)	(5,063,844)	153,088,916	1,556,857
Cash flows								
Premiums received	19,286,484	-	-	-	193,217,100	-	-	-
Claims and other expenses paid	-	-	(83,523,659)	-	-	-	(129,873,707)	-
Insurance acquisition cash flows	(22,915,451)	-	-	-	(7,222,671)	-	-	-
Total cash flows	(3,628,967)	-	(83,523,659)	-	185,994,429	-	(129,873,707)	-
Net insurance contract liabilities as at 31 March	(144,619,673)	-	49,989,433	1,034,439	(71,337,916)	6,156,511	315,399,024	13,021,233
Insurance contract liabilities as at 31 March	(1,041,483)	-	2,399,868	10,494	111,029,764	4,829,595	203,587,274	9,201,506
Insurance contract assets as at 31 March	(143,578,190)	-	47,589,565	1,023,945	(182,367,680)	1,326,916	111,811,750	3,819,727
Net insurance contract liabilities as at 31 March	(144,619,673)	-	49,989,433	1,034,439	(71,337,916)	6,156,511	315,399,024	13,021,233

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Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 31 March 2025

7 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

	Life and Medical				General and Motor			
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED
31 December 2024								
Insurance contract liabilities as at 1 January	(2,350,304)	-	130,052,675	2,558,077	17,420,537	2,327,407	123,744,285	5,674,692
Insurance contract assets as at 1 January	-	-	-	-	(108,300,603)	-	85,664,804	2,770,667
Net contract liabilities as at 1 January	(2,350,304)	-	130,052,675	2,558,077	(90,880,066)	2,327,407	209,409,089	8,445,359
Insurance revenue	(455,859,540)	-	-	-	(487,195,831)	-	-	-
Insurance service expenses	33,866,040	3,208,350	481,750,030	(1,149,780)	78,988,404	8,892,945	615,994,627	2,651,271
Incurred claims and other expenses	-	-	378,508,328	4,075,450	-	-	626,302,683	19,458,852
Amortisation of insurance acquisition cash flows	33,866,040	-	-	-	78,988,404	-	-	-
Losses on onerous contracts and reversals of those losses	-	3,208,350	-	-	-	8,892,945	-	-
Changes to liabilities for incurred claims	-	-	103,241,702	(5,225,230)	-	-	(10,308,056)	(16,807,581)
Insurance service result	(421,993,500)	3,208,350	481,750,030	(1,149,780)	(408,207,427)	8,892,945	615,994,627	2,651,271
Insurance finance expenses	-	-	4,477,941	98,010	-	-	8,459,143	367,748
Total changes in the statement of comprehensive income	(421,993,500)	3,208,350	486,227,971	(1,051,770)	(408,207,427)	8,892,945	624,453,770	3,019,019
<i>Cash flows</i>								
Premiums received	372,429,061	-	-	1	481,841,023	3	-	-
Claims and other expenses paid	-	-	(540,849,751)	-	-	-	(541,679,044)	-
Insurance acquisition cash flows	(25,029,190)	-	-	-	(114,228,498)	-	-	(2)
Total cash flows	347,399,871	-	(540,849,751)	1	367,612,525	3	(541,679,044)	(2)
Net insurance contract liabilities as at 31 December	(76,943,933)	3,208,350	75,430,894	1,506,308	(131,474,968)	11,220,355	292,183,815	11,464,376
Insurance contract liabilities as at 31 December	(76,943,933)	3,208,350	75,430,894	1,506,308	112,219,254	9,857,119	178,714,868	7,794,212
Insurance contract assets as at 31 December	-	-	-	-	(243,694,222)	1,363,236	113,468,947	3,670,164
Net insurance contract liabilities as at 31 December	(76,943,933)	3,208,350	75,430,894	1,506,308	(131,474,968)	11,220,355	292,183,815	11,464,376

Condensed interim financial information (Unaudited)

Notes to the condensed interim financial information
For the period ended 31 March 2025

7 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

	Life and Medical				General and Motor			
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED
31 March 2025 (Unaudited)								Total AED
Reinsurance contract assets as at 1 January	-	-	-	-	(18,048,498)	788,570	83,958,418	3,840,887
Reinsurance contract liabilities as at 1 January	(132,400,500)	1,189,780	35,541,766	702,259	(113,068,570)	204,484	28,188,841	1,413,081
Net reinsurance contract (liabilities)/assets as at 1 January	(132,400,500)	1,189,780	35,541,766	702,259	(131,117,068)	993,054	112,147,259	5,253,968
An allocation of reinsurance premiums	(26,793,829)	-	-	-	(23,763,830)	-	-	-
Amounts recoverable from reinsurers for incurred claims	-	(1,189,780)	26,433,059	(237,157)	-	(691,400)	39,999,108	405,667
Amounts recoverable for incurred claims and other expenses	-	-	13,847,300	273,281	-	-	48,168,716	2,244,228
Loss-recovery on onerous underlying contracts and	-	(1,189,780)	-	-	-	(691,400)	-	-
Changes to amounts recoverable for incurred claims	-	-	12,585,759	(510,438)	-	-	(8,169,608)	(1,838,561)
Net income or expense from reinsurance contracts held	(26,793,829)	(1,189,780)	26,433,059	(237,157)	(23,763,830)	(691,400)	39,999,108	405,667
Reinsurance finance income	-	-	437,357	8,974	-	-	1,378,789	67,135
Effect of changes in non-performance risk of reinsurers	-	-	58,218	-	-	-	(19,322)	-
Total changes in the statement of comprehensive	(26,793,829)	(1,189,780)	26,928,634	(228,183)	(23,763,830)	(691,400)	41,358,575	472,802
Cash flows								
Premiums paid	(71,442,167)	-	-	-	78,633,369	-	-	-
Amounts received	-	-	(38,988,202)	-	-	1	(37,322,476)	2
Total cash flows	(71,442,167)	-	(38,988,202)	-	78,633,369	1	(37,322,476)	2
Net reinsurance contract assets as at 31 March	(230,636,496)	-	23,482,198	474,076	(76,247,529)	301,655	116,183,358	5,726,772
Reinsurance contract assets as at 31 March	(1,313,263)	-	2,004,793	8,840	(3,387,484)	301,655	92,641,343	4,481,847
Reinsurance contract liabilities as at 31 March	(229,323,233)	-	21,477,405	465,236	(72,860,045)	-	23,542,015	1,244,925
Net reinsurance contract assets as at 31 March	(230,636,496)	-	23,482,198	474,076	(76,247,529)	301,655	116,183,358	5,726,772

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

Notes to the condensed interim financial information
For the period ended 31 March 2025

7 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

31 December 2024	Life and Medical				General and Motor			
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows		Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows	
			AED	Risk adjustment AED			AED	Risk adjustment AED
Reinsurance contract assets as at 1 January	(16,453,659)	-	56,237,363	1,100,255	(25,410,098)	-	100,773,173	4,762,499
Reinsurance contract liabilities as at 1 January	-	-	-	-	(98,351,155)	-	20,743,733	801,961
Net reinsurance contract assets as at 1 January	(16,453,659)	-	56,237,363	1,100,255	(123,761,253)	-	121,516,906	5,564,460
An allocation of reinsurance premiums	(168,552,233)	-	-	-	(105,986,163)	-	-	-
Amounts recoverable from reinsurers for incurred claims	-	1,189,780	209,374,581	(445,127)	-	993,054	208,117,781	(549,934)
Amounts recoverable for incurred claims and other expenses	-	-	164,792,666	2,056,578	-	-	279,725,467	9,689,709
Loss-recovery on onerous underlying contracts and adjustments	-	1,189,780	-	-	-	993,054	-	-
Changes to amounts recoverable for incurred claims	-	-	44,581,915	-	-	-	(71,607,686)	(10,239,643)
Net income or expense from reinsurance contracts held	(168,552,233)	1,189,780	209,374,581	(445,127)	(105,986,163)	993,054	208,117,781	(549,934)
Reinsurance finance income	-	-	2,177,859	47,131	-	-	4,984,352	239,441
Effect of changes in non-performance risk of reinsurers	-	-	124,094	-	-	-	101,456	-
Total changes in the statement of comprehensive income	(168,552,233)	1,189,780	211,676,534	(397,996)	(105,986,163)	993,054	213,203,589	(310,493)
<i>Cash flows</i>								
Premiums paid	52,605,392	-	-	-	98,630,348	-	-	-
Amounts received	-	-	(232,372,131)	-	-	-	(222,573,236)	-
Total cash flows	52,605,392	-	(232,372,131)	-	98,630,348	-	(222,573,236)	-
Net reinsurance contract assets as at 31 December	(132,400,500)	1,189,780	35,541,766	702,259	(131,117,068)	993,054	112,147,259	5,253,968
Reinsurance contract assets as at 31 December	-	-	-	-	(18,048,498)	788,570	83,958,418	3,840,887
Reinsurance contract liabilities as at 31 December	(132,400,500)	1,189,780	35,541,766	702,259	(113,068,570)	204,484	28,188,841	1,413,081
Net reinsurance contract assets as at 31 December	(132,400,500)	1,189,780	35,541,766	702,259	(131,117,068)	993,054	112,147,259	5,253,968

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

Notes to the condensed interim financial information
For the period ended 31 March 2025

8 Cash and bank balances

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
Cash in hand	240,661	146,608
Bank balances:		
Current accounts	14,137,498	14,013,998
Fixed deposits	265,677,880	266,083,941
Less: Expected credit losses	(33,981)	(33,981)
	<u>280,022,058</u>	<u>280,210,566</u>

Fixed deposits with banks as at 31 March 2025 include AED 10.3 million (31 December 2024: 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 the Central Bank of UAE.

Fixed deposits amounting to AED 236 million (2024: AED 236 million) are under lien in respect of bank credit facilities granted to the Company. All fixed deposits with banks mature within different periods not exceeding one year from the date of deposit and carry interest rates between 4% to 5.5% (2024: 4% to 5.5%) per annum.

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

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED	(Unaudited) 31 March 2024 AED
Cash and bank balances	280,022,058	280,210,566	327,963,014
Bank borrowings	(227,811,502)	(260,442,592)	(247,844,248)
Cash and cash equivalents	<u>52,210,556</u>	<u>19,767,974</u>	<u>80,118,766</u>

The Company has bank facilities in the form of overdrafts payable upon demand and bearing interest ranging from 4.4% to 5.6% per annum (2024: 4.5% to 5.8%). These facilities are secured by lien on fixed deposits amounting to AED 265.7 million (2024: AED 266 million). The bank overdraft limit provided under the facilities is AED 226 million (2024: AED 241 million).

9 Share capital

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
Issued and fully paid 230,000,000 shares of AED 1 each (31 December 2024: 230,000,000 share of AED 1 each)	<u>230,000,000</u>	<u>230,000,000</u>

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

Notes to the condensed interim financial information
For the period ended 31 March 2025

10 Reserves

Statutory reserve

In accordance with the UAE Commercial Companies Law No. 32 of 2021 (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 amount was transferred to the statutory reserve (2024: Nil).

During the period ended 31 March 2025, no statutory reserves were transferred to accumulated losses (2024: AED 70.8 million were transferred with the approval of general assembly and regulatory authority).

Reinsurance reserve

In accordance with CBUAE of Board of Directors' Decision No. 23, Article 34, an amount of AED 1.36 million based on reinsurance share of premium at a rate of 0.5% was transferred from accumulated losses to reinsurance reserve during the year ended 31 December 2024. The reserve is not available for distribution and will not be disposed of without prior approval from Central bank of UAE.

11 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 Chief executive officer, Senior vice president and Director.

Transactions with related parties

	(Unaudited) Three months period ended 31 March 2025 AED	(Unaudited) Three months period ended 31 March 2024 AED
<i>Entities under common control</i>		
Insurance premium	1,295,936	1,115,216
Insurance service expenses	(402,686)	(344,689)
<i>Key managerial personnel remuneration</i>		
Salaries and benefits	714,836	661,836

Related parties' balances

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
Due from related parties		
Entities under common control	8,793,779	8,793,779
Less: Expected credit losses	(8,793,779)	-
	-	8,793,779

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

Notes to the condensed interim financial information
For the period ended 31 March 2025

12 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 31 March (Unaudited)	
	2025	2024
Loss for the period (AED)	(9,333,694)	(47,888,400)
Weighted average number of shares outstanding during the period	230,000,000	230,000,000
Basic and diluted loss per share (AED)	(0.04)	(0.21)

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

13 Insurance service expense

**For the three-month period ended 31 March 2025
(Unaudited)**

	Life and medical AED	General and motor AED	Total AED
Incurred claims and other expenses	42,775,452	144,126,362	186,901,814
Amortisation of insurance acquisition cash flows	4,643,787	25,109,666	29,753,453
Losses on onerous contracts and (reversals of those losses)	(3,208,350)	(5,063,844)	(8,272,194)
Changes to liabilities for incurred claims	13,891,064	6,870,843	20,761,907
	58,101,953	171,043,027	229,144,980

**For the three-month period ended 31 March 2024
(Unaudited)**

Incurred claims and other expenses	118,306,293	81,794,584	200,100,877
Amortisation of insurance acquisition cash flows	10,485,191	18,273,503	28,758,694
Losses on onerous contracts and reversals of those losses	-	4,292,383	4,292,383
Changes to liabilities for incurred claims	19,337,848	41,933,999	61,271,847
	148,129,332	146,294,469	294,423,801

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

Notes to the condensed interim financial information
For the period ended 31 March 2025

14 Total investment income and net insurance financial result

The table below presents an analysis of total investment income and insurance finance result recognised in profit or loss and OCI in the period:

For the three-month period ended 31 March 2025 (Unaudited)

Investment income

Amounts recognised in the statement of comprehensive income

	Total AED
Allocated general and administrative expenses to investment	(12,174,626)
Interest income	2,150,618
Share of loss from equity accounted investees	(810,000)
Rental income from investment property	1,924,121
Net unrealised loss from investments in financial assets at FVTPL	(565,956)
Dividend income	566,512
Impairment of investment in associate	(150,000)
	<u>(9,059,331)</u>

	Life and Medical AED	General and Motor AED	Total AED
Insurance finance expenses from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(943,816)	(3,648,566)	(4,592,382)
Due to changes in interest rates and other financial assumptions	-	-	-
Total insurance finance expenses from insurance contracts issued	<u>(943,816)</u>	<u>(3,648,566)</u>	<u>(4,592,382)</u>
Represented by:			
Amounts recognised in profit or loss	(943,816)	(3,648,566)	(4,592,382)
Amounts recognised in statement of comprehensive income	-	-	-
Reinsurance finance income from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	446,330	1,445,925	1,892,255
Changes in non-performance risk of reinsurer	58,218	(19,322)	38,896
Due to changes in interest rates and other financial assumptions	-	-	-
Total reinsurance finance income from reinsurance contracts held	<u>504,548</u>	<u>1,426,603</u>	<u>1,931,151</u>
Represented by:			
Amounts recognised in profit or loss	504,548	1,426,603	1,931,151
Amounts recognised in statement of comprehensive income	-	-	-
Total finance expenses and reinsurance finance income	<u>(439,267)</u>	<u>(2,221,964)</u>	<u>(2,661,231)</u>
Represented by:			
Amounts recognised in profit or loss	(439,267)	(2,221,964)	(2,661,231)
Amounts recognised in statement of comprehensive income	-	-	-

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

Notes to the condensed interim financial information
For the period ended 31 March 2025

14 Total investment income and net insurance financial result (continued)

The table below presents an analysis of total investment income and insurance finance result recognised in profit or loss and OCI in the period:

For the three-month period ended 31 March 2024 (Unaudited)	Total AED		
Investment income			
Amounts recognised in the statement of comprehensive income			
Allocated general and administrative expenses to investment			(2,962,890)
Interest income			3,247,410
Share of gain from equity accounted investees			1,911,738
Rental income from investment property			1,740,801
Net unrealised loss from investments in financial assets at FVTPL			(18,102)
Other expenses			(182,448)
			<u>3,736,509</u>
	Life and Medical AED	General and Motor AED	Total AED
Insurance finance expenses from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(1,711,588)	(3,000,367)	(4,711,955)
Due to changes in interest rates and other financial assumptions	66,062	211,546	277,608
Total insurance finance expenses from insurance contracts issued	<u>(1,645,526)</u>	<u>(2,788,821)</u>	<u>(4,434,347)</u>
Represented by:			
Amounts recognised in profit or loss	(1,645,526)	(2,788,821)	(4,434,347)
Amounts recognised in statement of comprehensive income	-	-	-
Reinsurance finance income from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	744,104	1,793,358	2,537,462
Changes in non-performance risk of reinsurer	(55,991)	336,934	280,943
Due to changes in interest rates and other financial assumptions	(31,996)	(122,664)	(154,660)
Total reinsurance finance income from reinsurance contracts held	<u>656,117</u>	<u>2,007,628</u>	<u>2,663,745</u>
Represented by:			
Amounts recognised in profit or loss	656,117	2,007,628	2,663,745
Amounts recognised in statement of comprehensive income	-	-	-
Total finance expenses and reinsurance finance income	<u>(989,409)</u>	<u>(781,193)</u>	<u>(1,770,602)</u>
Represented by:			
Amounts recognised in profit or loss	(989,409)	(781,193)	(1,770,602)
Amounts recognised in statement of comprehensive income	-	-	-

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

Notes to the condensed interim financial information
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15 Segmental information

For management purposes the Company is organised into three operating segments, general insurance, life assurance and investments. These segments are the basis on which the Company reports its primary segment information:

	For the three-month period ended 31 March 2025 (Unaudited)			
	Life and Medical AED	Motor and General AED	Investments AED	Total AED
Insurance premium	68,690,560	150,967,043	-	219,657,603
Insurance service expenses	(58,101,953)	(171,043,027)	-	(229,144,980)
Insurance service result before reinsurance contracts held	10,588,607	(20,075,984)	-	(9,487,377)
Allocation of reinsurance premiums	(26,793,829)	(23,763,830)	-	(50,557,659)
Amounts recoverable from reinsurance	25,006,122	39,713,375	-	64,719,497
Net income/(expenses) from reinsurance contracts held	(1,787,707)	15,949,545	-	14,161,838
Insurance service result	8,800,900	(4,126,439)	-	4,674,461
Investment expense	-	-	(9,059,331)	(9,059,331)
Insurance finance expenses for insurance contracts issued	(943,815)	(3,648,567)	-	(4,592,382)
Reinsurance finance income for reinsurance contracts held	504,548	1,426,603	-	1,931,151
Net insurance financial result	8,361,633	(6,348,403)	(9,059,331)	(7,046,101)
Finance costs				(2,287,593)
Loss for the period				(9,333,694)

Al Sagr National Insurance Company (PSC)
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Notes to the condensed interim financial information
For the period ended 31 March 2025

15 Segmental information (continued)

	For the three-month period ended 31 March 2024 (Unaudited)			
	Life and Medical AED	Motor and General AED	Investments AED	Total AED
Insurance premium	136,046,130	108,063,656	-	244,109,786
Insurance service expenses	(148,129,331)	(146,294,470)	-	(294,423,801)
Insurance service result before reinsurance contracts held	(12,083,201)	(38,230,814)	-	(50,314,015)
Allocation of reinsurance premiums	(48,885,706)	(36,302,714)	-	(85,188,420)
Amounts recoverable from reinsurance	55,715,834	32,211,574	-	87,927,408
Net income/(expenses) from reinsurance contracts held	6,830,128	(4,091,140)	-	2,738,988
Insurance service result	(5,253,073)	(42,321,954)	-	(47,575,027)
Investment income	-	-	3,736,509	3,736,509
Insurance finance expenses for insurance contracts issued	(1,645,526)	(2,788,821)	-	(4,434,347)
Reinsurance finance income for reinsurance contracts held	656,117	2,007,628	-	2,663,745
Net insurance financial result	(6,242,482)	(43,103,147)	3,736,509	(45,609,120)
Finance costs				(2,279,280)
Loss for the period				(47,888,400)

The following is an analysis of the Company's assets, liabilities and equity classified by segment:

	As at 31 March 2025 (Unaudited)			
	Life and Medical AED	Motor and General AED	Investments AED	Total AED
Total assets	9,968,417	552,559,773	324,888,781	887,416,971
Total equity	-	-	-	45,846,606
Total liabilities	2,698,110	838,712,255	-	841,410,365

	As at 31 December 2024 (Audited)			
	Life and Medical AED	Motor and General AED	Investments AED	Total AED
Total assets	8,567,385	502,483,387	326,414,738	837,465,510
Total equity	7,683,641	47,496,659	-	55,180,300
Total liabilities	883,744	781,401,466	-	782,285,210

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

Notes to the condensed interim financial information
For the period ended 31 March 2025

16 Fair value measurement

Financial assets measured at fair value in the condensed interim statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 AED	Level 3 AED	Total AED
31 March 2025 (Unaudited)			
<u>Financial assets</u>			
Financial assets at FVTPL (note 5)	18,477,762	964,635	19,442,397
<u>Non-financial assets</u>			
Investment property (note 6)	-	157,931,894	157,931,894
	<u>18,477,762</u>	<u>158,896,529</u>	<u>177,374,291</u>
31 December 2024 (Audited)			
<u>Financial assets</u>			
Financial assets at FVTPL (note 5)	19,043,719	964,635	20,008,354
<u>Non-financial assets</u>			
Investment property (note 6)	-	157,931,895	157,931,895
	<u>19,043,719</u>	<u>158,896,530</u>	<u>177,940,249</u>

17 Contingent liabilities and commitments

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
Letters of guarantee	<u>11,715,110</u>	<u>11,705,951</u>

Contingent liabilities

The Company in common with other insurance companies, is involved as defendant in several 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.

Al Sagr National Insurance Company (PSC)
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18 Capital risk management

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be always maintained throughout the period. During the period, the Company has not fully complied with the externally imposed capital requirements as shown in the table below (2024: the Company has not fully complied with all the capital management requirements). The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins.

	(Unaudited) 31 March 2025 AED	(Audited) 31 December 2024 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	303,269,000	301,535,000
Minimum Guarantee Fund (MGF)	171,868,000	168,756,000
Basic Own Funds	(203,160,000)	(176,060,000)
MCR Solvency Margin - Minimum Capital Requirement deficit	(303,160,000)	(276,060,000)
SCR Solvency Margin - Solvency Capital Requirement deficit	(506,428,000)	(477,595,000)
MGF Solvency Margin – Minimum Guarantee Fund deficit	(375,028,000)	(344,817,000)

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 of 31 March 2025, the Company had minimum capital requirement deficit, solvency capital requirement deficit, minimum guarantee fund deficit of AED 303.2 million, AED 506.4 million and AED 375 million as compared to requirements of AED 100 million, AED 303.3 million and AED 171.9 million respectively. The Company's ability to comply with the solvency requirements depends on the effective implementation of the solvency recovery plan submitted to the Central Bank of UAE.

19 Comparatives

Comparative figures have been reclassified in order to conform to current period's presentation and improve the quality of information presented. However, there is no effect on previously reported total assets, total equity, total liabilities, and profit for the year.

20 Subsequent event

Subsequent to the reporting period ended 31 March 2025, the Parent Company has entered into administration. Trustees have been duly appointed by the Honorable Court to oversee the administration process.