

**AL AIN AHLIA INSURANCE
COMPANY P.S.C.**

**Reports and consolidated interim
financial information for the six month
period ended 30 June 2020**

AL AIN AHLIA INSURANCE COMPANY P.S.C.

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for the six month period ended 30 June 2020**

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BOARD OF DIRECTORS' REPORT

We are pleased to submit our report in respect of the company's business activities during first half of 2020 together with our Auditor's report in addition to the summary of financials for the period ended 30 June 2020.

Due to the global outbreak of the Covid-19 pandemic and a slump in oil prices it is expected that the economy of the UAE will be adversely impacted. Further the implication of this event is not limited to local market but effected the regional and global economies too. Fall in equity markets has been adversely affected the investment performance in the early months of 2020. With the above perspective our first half results are encouraging, and we have maintained the same level of underwriting performance as in first half of 2019.

The main highlights of the company's Financial Results for the period ended 30 June 2020 can be summarized as follows:

- ❖ Gross Premium income for the period is AED 669.8 Million, (AED 615.7 Million in 2019).
- ❖ Net underwriting income for the period is AED 68.8 Million, (AED 58.3 Million in 2019).
- ❖ Net investment & other income for the period is AED 12.6 Million, (AED 20.4 Million in 2019).
- ❖ General and Administrative expenses are AED 49.1 Million, (AED 46.4 Million in 2019).
- ❖ Net profit for the period is AED 32.3 Million, (AED 32.2 Million in 2019).
- ❖ Total Assets are AED 4.6 Billion (AED 4.5 Billion in 2019).
- ❖ Shareholders' equity is AED 1.1 Billion (AED 1.2 Billion in 2019).
- ❖ Basic & Diluted earning per share (EPS) amounted to AED 2.15, (AED 2.15 in 2019).

Chairman

General Manager

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION **To the Board of Directors of** **Al Ain Ahlia Insurance Company P.S.C.**

Introduction

We have reviewed the accompanying consolidated interim financial information of Al Ain Ahlia Insurance Company P.S.C. (the “Company”), comprising the condensed consolidated statement of financial position as at 30 June 2020 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34, “*Interim Financial Reporting*” (“IAS 34”). Our responsibility is to express a conclusion on this consolidated 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 consolidated 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 consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Signed by:
Muhammad Khamees Al Tah
Registration No. 717
13 August 2020
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 June 2020**

		30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
ASSETS	Notes		
Property and equipment	6	798,800	807,147
Investment properties	7	128,384	128,384
Intangible assets		919	1,058
Statutory deposits	5	10,000	10,000
Financial assets carried at FVTOCI	8	261,006	284,777
Financial assets carried at FVTPL	8	625	26,001
Insurance receivables	10	329,779	218,009
Reinsurance contract assets	9	2,640,665	2,659,560
Other receivables and prepayments		63,277	36,294
Term deposits		152,004	198,475
Cash and cash equivalents		226,737	107,494
Total assets		4,612,196	4,477,199
EQUITY AND LIABILITIES			
Equity			
Share capital		150,000	150,000
Statutory reserve		75,000	75,000
Technical reserve		8,083	8,083
General reserve		600,000	600,000
Fair value reserve on financial assets carried at FVTOCI		82,297	126,471
Retained earnings		223,479	243,704
Total equity		1,138,859	1,203,258
Liabilities			
Provision for employees' end of service benefits		43,613	40,803
Insurance and other payables	11	468,128	249,535
Insurance contract liabilities	9	2,923,193	2,952,282
Reinsurance deposit retained		27,013	18,624
Accruals and deferred income		11,390	12,697
Total liabilities		3,473,337	3,273,941
Total equity and liabilities		4,612,196	4,477,199

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the company

The consolidated interim financial information was approved by the Board of Directors and authorised for issue on 13 August 2020 and signed on its behalf by:

.....
Chairman

.....
General Manager

.....
Chief Financial Officer

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

**Condensed consolidated income statement (unaudited)
for the six month period ended 30 June 2020**

	Notes	3 months ended 30 June		6 months ended 30 June	
		2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Gross premium		293,204	269,575	669,822	615,788
Reinsurance share of gross premium		(248,161)	(199,356)	(536,355)	(460,026)
Net premium		45,043	70,219	133,467	155,762
Net transfer to unearned premium		14,313	806	(7,235)	(6,278)
Net premium earned		59,356	71,025	126,232	149,484
Commission earned		26,272	21,355	54,316	39,715
Commission expense		(18,136)	(16,385)	(35,889)	(24,307)
Gross underwriting income		67,492	75,995	144,659	164,892
Gross claims paid		(1,266,502)	(178,404)	(1,525,722)	(726,770)
Reinsurance share of claims paid		1,228,811	132,060	1,438,440	633,333
Net claims paid		(37,691)	(46,344)	(87,282)	(93,437)
Change in insurance contract liabilities		66,242	(16,186)	124,029	315,160
Change in reinsurance contract assets		(49,735)	20,839	(106,600)	(321,721)
Net claims incurred		(21,184)	(41,691)	(69,853)	(99,998)
Other underwriting income		362	316	1,509	802
Other underwriting expenses		(3,639)	(2,121)	(7,534)	(7,445)
Net underwriting income		43,031	32,499	68,781	58,251
Income from investments	12	4,132	6,346	10,025	14,372
Income from investment property – net	7	308	1,017	1,187	2,243
Other income/(expenses)		(1,202)	(145)	1,414	3,746
Gross income		46,269	39,717	81,407	78,612
General and administrative expenses		(23,353)	(22,130)	(49,132)	(46,404)
Profit for the period	14	22,916	17,587	32,275	32,208
Basic and diluted earnings per share		1.53	1.17	2.15	2.15

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the six month period ended 30 June 2020**

	<u>3 months ended 30 June</u>		<u>6 months ended 30 June</u>	
	<u>2020</u> AED'000	2019 AED'000	<u>2020</u> AED'000	2019 AED'000
Profit for the period	22,916	17,587	32,275	32,208
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in fair value of equity instruments carried at FVTOCI (note 8)	19,390	2,206	(44,174)	8,041
Total other comprehensive income/(loss) for the period	19,390	2,206	(44,174)	8,041
Total comprehensive income/(loss) for the period	42,306	19,793	(11,899)	40,249

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

**Condensed consolidated statement of changes in equity
for the six month period ended 30 June 2020 (continued)**

	Share capital AED'000	Statutory reserve AED'000	Technical reserve AED'000	General reserve AED'000	Fair value reserve on financial assets at FVTOCI AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2020 (Audited)	150,000	75,000	8,083	600,000	126,471	243,704	1,203,258
Profit for the period	-	-	-	-	-	32,275	32,275
Other comprehensive income for the period	-	-	-	-	(44,174)	-	(44,174)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	-	(44,174)	32,275	(11,899)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Dividend paid (note 17)	-	-	-	-	-	(52,500)	(52,500)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2020 (unaudited)	150,000	75,000	8,083	600,000	82,297	223,479	1,138,859
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The accompanying notes form an integral part of these consolidated interim financial information.

**Condensed consolidated statement of changes in equity (continued)
for the six month period ended 30 June 2020**

	Share capital AED'000	Statutory reserve AED'000	Technical reserve AED'000	General reserve AED'000	Fair value reserve on financial assets at FVTOCI AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2019 (Audited) – as previously reported	150,000	75,000	8,083	600,000	102,492	239,672	1,175,247
Effect of prior period error	-	-	-	-	(231)	(30,971)	(31,202)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 January 2019 (as restated)	150,000	75,000	8,083	600,000	102,261	208,701	1,144,045
Profit for the period	-	-	-	-	-	32,208	32,208
Other comprehensive income for the period	-	-	-	-	8,041	-	8,041
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	-	8,041	32,208	40,249
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Dividends	-	-	-	-	-	(22,500)	(22,500)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019 (unaudited)	150,000	75,000	8,083	600,000	110,302	218,409	1,161,794
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The accompanying notes form an integral part of these condensed interim consolidated financial information.

**Condensed consolidated statement of cash flows (unaudited)
for the six month period ended 30 June 2020**

	Notes	6 months ended 30 June	
		2020 AED'000	2019 AED'000
Cash flows from operating activities			
Profit for the period		32,275	32,208
Adjustments for:			
Depreciation on property and equipment		8,484	8,509
Amortization of intangible assets		201	211
Changes in fair value of financial assets carried at FVTPL	12	264	418
Loss on sale of investments carried at FVTPL	12	5,139	-
Interest and dividend income		(15,511)	(14,791)
Provision for employees' end-of-service benefits		3,864	1,744
Cash flow from operating activities before movement in working capital		34,716	28,299
Decrease in reinsurance contracts assets		18,895	278,676
Decrease in insurance contracts liabilities		(29,089)	(265,837)
Increase in insurance receivables		(111,770)	(71,054)
Increase in other receivables and prepayments		(26,983)	(5,089)
Increase in insurance and other payables		218,593	1,617
Increase/(decrease) in reinsurance deposits retained		8,389	(930)
End of service benefits paid		(1,054)	(143)
Decrease in accruals and deferred income		(1,307)	(4,469)
Net cash generated from/(used in) operating activities		110,390	(38,930)
Cash flows from investing activities			
Payments for purchase of property and equipment		(137)	(4,586)
Payments for purchase of intangible assets		(62)	(36)
Purchase of financial assets carried at FVTOCI	8	(20,403)	(10,201)
Proceeds from sale of financial assets carried at FVTPL		19,973	-
Decrease in term deposits maturing for more than three months		46,471	33,748
Interest and dividend received	12	15,511	14,791
Payments for purchase of investment property		-	(711)
Net cash generated from investing activities		61,353	33,005
Cash flows from financing activity			
Dividends paid	17	(52,500)	(22,500)
Net cash used in financing activity		(52,500)	(22,500)
Net increase/(decrease) in cash and cash equivalents		119,243	(28,425)
Cash and cash equivalents at the beginning of the period		107,494	171,670
Cash and cash equivalents at the end of the period		226,737	143,245

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

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020****1 Legal status and activities**

Al Ain Ahlia Insurance Company P.S.C (the “Company”) is incorporated in Abu Dhabi with limited liability by Law No. (18) of 1975. Al Ain Ahlia Insurance Company P.S.C is registered as a public shareholding company in accordance with the Federal Law No. (2) of 2015.

The Company’s principal activity is underwriting of all classes of insurance in accordance with the provisions of the U.A.E. Federal Law No. (6) of 2007 regarding the Establishment of the Insurance Authority and Insurance Operations.

The Company is domiciled and operates in the UAE and its registered address is P.O. Box 3077, Abu Dhabi, United Arab Emirates. The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company had 255 employees as of 30 June 2020 (31 December 2019: 250)

The consolidated interim financial information comprise the Company and its subsidiary, Al Bandar Investment owned by Al Ain Ahlia Insurance, one person company L.L.C (together referred to as “the Group”).

2 General information**2.1 Statement of compliance**

The consolidated interim financial information have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” as issued by the International Accounting Standard Board (IASB).

2.2 Basis of preparation

The consolidated interim financial information do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2019. In addition, results for the six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The consolidated interim financial information are presented in UAE Dirhams (AED) being the functional and presentation currency of the Group.

These consolidated interim financial information have been prepared on the historical cost convention as modified for re-measurement of investment securities and investment properties at fair value.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)****2 General information (continued)****2.3 Coronavirus (COVID-19) outbreak and its impact on the Group**

With the recent and rapid development of the coronavirus disease (COVID-19) outbreak, the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations including the United Arab Emirates (UAE).

The UAE Government has implemented restrictions on travelling as well as strict quarantine measures, impacting a wide range of industries, and the insurance industry is expected to be indirectly affected.

Management has considered the unique circumstances and the risk exposures of the Group and has concluded that there is no significant impact on the Group's profitability position as at reporting date. This is primarily because insurance activities in the UAE continue and are not subject to many of the restrictions mentioned above.

Management has considered the unique circumstances that could have a material impact on the business operations and the risk exposures of the Group and has concluded that the main impacts on the Group's profitability/liquidity position may arise from:

- Recoverability of insurance and other receivables,
- unavailability of personnel,
- reduction in gross premium due to non-renewal of policies, and
- decrease in the market value of investments held by the Group

The Group has performed stress testing as required by the Insurance Authority of UAE on a monthly basis approved by the Board of Directors, who are satisfied that the Group will continue to operate as a going concern and there have been no updates to the business plan in the current period. Accordingly, these condensed consolidated financial statements have been prepared on a going concern basis. Management will continue to monitor the situation and, will take necessary and appropriate actions on a timely basis to respond to this unprecedented situation.

3 New and amended standards adopted by the Group

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2020. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

3 New and amended standards adopted by the Group (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Definition of Material - Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Definition of a Business – Amendments to IFRS 3 <i>Business Combinations</i>	1 January 2020
Amendments to <i>References to the Conceptual Framework in IFRS Standards</i>	1 January 2020
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> and IFRS 9- <i>Financial Instruments</i>	1 January 2020
Amendment to IFRS 16 <i>Leases</i> to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	1 June 2020

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2020.

New and revised IFRS in issue but not yet effective and not early adopted

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i>	Effective date deferred indefinitely. Adoption is still permitted.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 January 2018). The amendments address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 and confirms to apply IAS 39 for financial instruments. The overlay approach allows an entity applying IFRS 9 from 1 January 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of both IFRS 9 and IFRS 17 until 31 December 2023.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the consolidated interim financial information of the Group in the period of initial application, except for IFRS 17 and IFRS 9.

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)****4 Changes in judgements and estimation uncertainty**

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2019, with the exception of the impact of the novel coronavirus (COVID-19) outbreak on the Group which is detailed below.

The existence of novel coronavirus was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty as a result of measures taken by governments to contain or delay the spread of the virus. As of to date, the actual scope of the impact is very difficult to measure, and until now, only subjective assessment of the impact can be used.

Recoverability of receivables

The COVID-19 outbreak has led to significant market turmoil and price volatility in the region, also causing a lot of companies within the country to liquidate.

Management believes that the carrying values of the Group's investments in quoted and unquoted securities appropriately reflect the fair values of these financial assets for the period ended 30 June 2020.

Fair value measurement of investment in securities

The COVID-19 outbreak led to significant market turmoil and price volatility on the global financial markets. The Group is closely monitoring whether the fair values of the financial assets represent the price that would be achieved for transactions between market participants in the current scenario.

Based on management's assessment, the Group has not identified a material impact to the fair values of financial assets and liabilities for the period ended 30 June 2020.

Fair value measurement of investment properties

As the local real estate market becomes slower moving, adjustments may be required to adjust the fair values of the properties in order to reflect the current economic circumstances.

Based on management's assessment, this is in early stages and there is limited information available on the 2020 outlook for the real estate market and how the situation will progress in light of COVID-19. The Group has not identified any significant impact to the fair values of investment properties for the period ended 30 June 2020. The Group will continuously monitor the market and ensure that the prices used by the Group are an accurate representation of fair values.

Outstanding claims

The Group has performed an assessment of the impact of COVID-19 on its contractual arrangements and provisions for outstanding claims which included regular sensitivity analyses. The Group determined that there is no material impact on its risk position and provision balances for outstanding claims for the period ended 30 June 2020. It will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

5 Statutory deposits

In accordance with the requirements of UAE Federal Law No. (6) of 2007 covering insurance companies and agencies, the Group maintains a bank deposits of AED 10,000,000 (2019: AED 10,000,000) which cannot be utilized without the consent of the UAE Insurance Authority.

6 Property and equipment

Property and equipment includes land with a carrying value of AED 301 million (31 December 2019: AED 301 million).

7 Investment properties

The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out for the year ended 31 December 2019 by DG Jones and Partners independent valuers, not related to the Group. DG Jones and Partners are members of the Royal Institute of Surveyors, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

Management believes that the net impact of any potential changes in the key assumptions underlying this valuation used is not material and accordingly there is no change in the fair value of the investment properties as at 30 June 2020 compared to 31 December 2019. Management believes that fair value has not changed significantly during the period.

In estimating the fair value of the properties the highest and best use of the property is considered as their current use. The inputs used in the valuations are not based on observable market data and thus the valuation techniques were considered to be a Level 3 valuation.

All investment properties are located in the United Arab Emirates.

The property rental income earned by the Group from its investment properties, part of which is leased out under operating leases and the direct operating expenses arising on the investment properties is as follows:

	30 June 2020 (unaudited) AED'000	30 June 2019 (unaudited) AED'000
Rental income	1,530	2,613
Direct operating expenses	(343)	(370)
	<hr/>	<hr/>
	1,187	2,243
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

8 Investments in securities

The Company's investments at the end of the reporting period are detailed below:

	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Financial assets carried at FVTOCI		
Quoted UAE equity securities	185,236	211,021
Quoted UAE debt securities	73,191	71,177
Unquoted non- UAE equity securities	2,579	2,579
	<hr/>	<hr/>
Fair value at the end of period/year	261,006	284,777
	<hr/> <hr/>	<hr/> <hr/>
Financial assets carried at FVTPL		
Quoted UAE equity securities	625	26,001
	<hr/> <hr/>	<hr/> <hr/>

The movement in the investments in securities is as follows:

	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Financial assets carried at FVTOCI		
Fair value at the beginning of the period/year	284,777	243,175
Purchases	20,403	17,623
Change in fair value taken to other comprehensive income	(44,174)	23,979
	<hr/>	<hr/>
Fair value at the end of the period/year	261,006	284,777
	<hr/> <hr/>	<hr/> <hr/>
Financial assets carried at FVTPL		
Fair value at the beginning of the period/year	26,001	24,511
Disposals	(25,112)	-
Change in fair value taken to profit or loss (note 12)	(264)	1,490
	<hr/>	<hr/>
Fair value at the end of the period/year	625	26,001
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

8 Investments in securities (continued)

The geographical distribution of investments is as follows:

	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Quoted UAE equity securities	185,861	237,022
Quoted UAE debt securities	73,191	71,177
Unquoted outside UAE equity securities	2,579	2,579
	<hr/> 261,631 <hr/>	<hr/> 310,778 <hr/>

The following table provides an analysis of financial instrument that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 – fair value measurements that are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements that are 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 that are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Management has determined the fair value of these unquoted investments by applying an appropriate risk adjusted liquidity discount on the net assets of the investee companies.

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

8 Investments in securities (continued)

	Level 1	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000
<u>At 30 June 2020 (unaudited)</u>				
<i>Financial assets carried at FVTOCI</i>				
- Investment in quoted securities	258,427	-	-	258,427
- Investment in unquoted securities	-	-	2,579	2,579
	<hr/>	<hr/>	<hr/>	<hr/>
	258,427	-	2,579	261,006
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Financial assets carried at FVTPL</i>				
- Investment in quoted securities	625	-	-	625
	<hr/>	<hr/>	<hr/>	<hr/>
<u>At 31 December 2019 (audited)</u>				
<i>Financial assets carried at FVTOCI</i>				
- Investment in quoted securities	282,198	-	-	282,198
- Investment in unquoted securities	-	-	2,579	2,579
	<hr/>	<hr/>	<hr/>	<hr/>
	282,198	-	2,579	284,777
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Financial assets carried at FVTPL</i>				
- Investment in quoted securities	26,001	-	-	26,001
	<hr/>	<hr/>	<hr/>	<hr/>

Fair values of Level 1 securities have been determined by reference to quoted prices at the reporting date.

During the period, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

9 Insurance contract liabilities and re-insurance contract assets

	(unaudited) 30 June 2020			(audited) 31 December 2019		
	Gross technical reserves AED'000	Reinsurers' share of technical reserves AED'000	Net AED'000	Gross technical reserves AED'000	Reinsurers' share of technical reserves AED000	Net AED'000
Property and liability insurance						
Outstanding claims	1,950,014	1,903,525	46,489	2,077,084	2,027,704	49,380
Claims incurred but not reported (IBNR)	312,495	235,531	76,964	314,962	218,548	96,414
Unallocated loss adjustments (ULAE)	7,529	-	7,529	6,100	-	6,100
Unearned Risk Reserve (URR)	6,482	-	6,482	2,822	-	2,822
Unearned premiums	643,992	499,603	144,389	548,473	411,534	136,939
	2,920,512	2,638,659	281,853	2,949,441	2,657,786	291,655
Insurance of persons and fund accumulation						
Outstanding claims	104	78	26	131	111	20
Claims incurred but not reported (IBNR)	1,035	913	122	351	284	67
Unallocated loss adjustments (ULAE)	10	-	10	3	-	3
Unearned Risk Reserve (URR)	298	-	298	543	-	543
Unearned premiums	1,234	1,015	219	1,813	1,379	434
	2,681	2,006	675	2,841	1,774	1,067
Consolidated						
Outstanding claims	1,950,118	1,903,603	46,515	2,077,215	2,027,815	49,400
Claims incurred but not reported (IBNR)	313,530	236,444	77,086	315,313	218,832	96,481
Unallocated loss adjustments (ULAE)	7,539	-	7,539	6,103	-	6,103
Unearned Risk Reserve (URR)	6,780	-	6,780	3,365	-	3,365
Unearned premiums	645,226	500,618	144,608	550,286	412,913	137,373
	2,923,193	2,640,665	282,528	2,952,282	2,659,560	292,722

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

10 Insurance and other receivables

	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Due from brokers and agents	171,250	74,745
Due from policy holders	94,591	75,796
Due from related parties (Note 13)	22,048	16,782
Expected credit losses	(15,500)	(15,500)
	<hr/>	<hr/>
Due from insurance and reinsurance companies	272,389 57,390	151,823 66,186
	<hr/>	<hr/>
	329,779	218,009
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on insurance contracts is 90 days. No interest is charged on insurance and other receivables.

Amounts due from policyholders and insurance and reinsurance companies' balances consists of a large number of customers and insurance and reinsurance companies. The Group's terms of business require amounts to be paid in accordance with arrangements reached with the policyholders and insurance companies.

Provision for impairment:

	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
At 1 January	15,500	14,500
Allowance recognised during the period/year	-	1,000
	<hr/>	<hr/>
Balance at the end of the period/year	15,500	15,500
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

11 Insurance and other payables

	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Payable inside - UAE	366,393	190,245
Payable outside - UAE	101,735	59,290
	<hr/> 468,128 <hr/>	<hr/> 249,535 <hr/>
Inside UAE		
Due to policy holders	162,477	17,598
Due to insurance and reinsurance companies	43,564	53,883
Due to brokers and agents	23,836	29,901
Dividends payable	15,772	15,769
Directors remuneration	3,586	6,415
Other payables	117,158	66,679
	<hr/> 366,393 <hr/>	<hr/> 190,245 <hr/>
Outside UAE		
Due to insurance and reinsurance companies	45,620	37,834
Due to brokers and agents	56,115	21,456
	<hr/> 101,735 <hr/>	<hr/> 59,290 <hr/>

Insurance and other payables are due in less than one year. Insurance payable are non-interest bearing and are normally settled within 60-90 days term.

12 Income from investments – net

	6 months ended 30 June	
	2020 (unaudited) AED'000	2019 (unaudited) AED'000
Dividend income	12,036	9,552
Interest income	3,475	5,238
loss on disposal of financial assets carried at FVTPL	(5,139)	-
Change in fair value on financial assets carried at FVTPL	(264)	(418)
Other expenses	(83)	-
	<hr/> 10,025 <hr/>	<hr/> 14,372 <hr/>

Notes to the consolidated interim financial information for the six month period ended 30 June 2020 (continued)

13 Related parties

Related parties comprise the major shareholders, the directors and key management personnel of the Group and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The Group maintains significant balances with these related parties which arise from commercial transactions as follows:

Details of related party balances are as follows:

	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
<i>Due from related parties</i>		
Related parties due to common directorship	21,766	16,555
Key management	282	227
Other receivable from key management personnel	29,085	14,300
	<hr/> 51,133 <hr/>	<hr/> 31,082 <hr/>

Related party transactions

The Group, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties of IFRS.

The following are the details of significant transactions with related parties:

	3 months ended 30 June		6 months ended 30 June	
	2020 (unaudited) AED'000	2019 (unaudited) AED'000	2020 (unaudited) AED'000	2019 (unaudited) AED'000
Gross premiums written to Directors' affiliates	1,823	525	4,555	3,902
Net claims paid to Directors' affiliates	-	6	1	232
Board of directors' remuneration	2,546	1,590	3,586	3,579
Remuneration of key management personnel	1,511	3,469	7,210	6,059

The remuneration of the Board of Directors is subject to approval by the shareholders and as per limits set by the UAE Federal Law No. (2) of 2015 concerning Commercial Companies.

The remuneration of key management personnel is based on the remuneration agreed in their employment contract as approved by the Board of Directors.

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

14 Profit for the period

Profit for the period is arrived after charging the following:

	<u>3 months ended 30 June</u>		<u>6 months ended 30 June</u>	
	2020 (unaudited) AED'000	2019 (unaudited) AED'000	2020 (unaudited) AED'000	2019 (unaudited) AED'000
Staff costs	14,031	13,114	31,552	28,606
Depreciation and amortisation	4,335	4,357	8,685	8,720

15 Segment information

The Group has 2 reportable segments, as described below, which are the Group's strategic business units. The business units are managed separately because they require different approach technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business – incorporating all classes of general insurance such as fire, marine, motor medical, general accident and miscellaneous.
- Investments – incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and investment properties and other securities.

15.1 Primary segment information - Business segments

The following is an analysis of the Group's revenue and results by business segments:

	<u>6 months ended 30 June (unaudited)</u>					
	<u>Underwriting</u>		<u>Investments</u>		<u>Total</u>	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Segment revenue	725,647	656,305	18,455	21,150	744,102	677,455
Segment result	68,781	58,251	12,626	20,361	81,407	78,612
Unallocated expenses					(49,132)	(46,404)
Profit for the period					32,275	32,208

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)**

15 Segment information (continued)

15.1 Primary segment information - Business segments (continued)

The following is an analysis of the Group's assets and liabilities by business segments:

	<u>Underwriting</u>		<u>Investments</u>		<u>Total</u>	
	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Segment assets	3,833,440	3,722,068	552,019	647,637	4,385,459	4,369,705
Unallocated assets					226,737	107,494
Total assets					4,612,196	4,477,199
Segment liabilities	3,418,334	3,220,441	11,390	12,697	3,429,724	3,233,138
Unallocated liabilities					43,613	40,803
Total liabilities					3,473,337	3,273,941

There were no transactions between the two business segments.

Primary segment information – revenue from underwriting departments

The following is an analysis of the Group's revenues (gross written premiums, commission income and other underwriting income) classified by major underwriting departments.

	30 June 2020 (unaudited) AED'000	30 June 2019 (unaudited) AED'000
Employee benefits medical and personal Assurance	385,706	346,391
Fire and Allied perils	116,930	52,485
Motor	99,576	125,689
Oil and Gas	31,891	39,589
Marine and Aviation	28,152	25,374
General Accident	60,787	64,684
Life	1,464	2,093
	724,506	656,305

There were no transactions between the business segments during the period.

**Notes to the consolidated interim financial information
for the six month period ended 30 June 2020 (continued)****16 Commitment and contingencies**

The Group's bankers have issued in the normal course of business letters of guarantee in favor of third parties amounting to AED 19.5 million (31 December 2019: AED 22.49 million).

The Group is subject to litigation in the normal course of its business. Although the ultimate outcome of these claims cannot presently be determined, the management, based on advice from independent loss adjusters and internal legal counsel, has made a provision of AED 16.9 million (31 December 2019: AED 21.1 million) representing amounts expected to result in a probable outflow of economic resources.

17 Dividends

The Board of Directors has proposed cash dividends of 35% which is AED 3.5 per share amounting to AED 52.5 million for the year ended 31 December 2019 to be paid to the shareholders in 2020. The dividends were approved by the General Assembly dated 23 March 2020 and were paid to the shareholder during the period.

18 Approval of consolidated interim financial information

The consolidated interim financial information were approved and authorised for issue by the Board of Directors on 13 August 2020.