

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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2021 (UNAUDITED)

National General Insurance Co. (P.J.S.C.)
INTERIM CONDENSED FINANCIAL STATEMENTS
For the six month period ended 30 June 2021

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)

Introduction

We have reviewed the accompanying interim condensed financial statements of National General Insurance Co. (P.J.S.C.) (the “Company”), which comprise the interim statement of financial position as at 30 June 2021, and the related interim statements of profit or loss and comprehensive income, statement of changes in equity and cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matters

The condensed interim financial statements of the Company as of 30 June 2020 were reviewed by another auditor whose report dated 9 August 2020 expressed an unmodified conclusion on those interim condensed financial statements. Also, the financial statements as of 31 December 2020, were audited by another auditor whose report dated 14 February 2021 expressed an unmodified opinion on those financial statements.

For Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner
Registration No. 690

9 August 2021

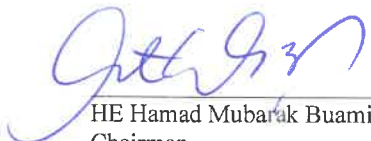
Dubai, United Arab Emirates

National General Insurance Co. (P.J.S.C.)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Unaudited)

	<i>Notes</i>	<i>30 June 2021 (Unaudited) AED</i>	<i>31 December 2020 (Audited) AED</i>
ASSETS			
Property and equipment	5	27,458,601	25,693,406
Intangible assets		3,088,586	2,806,035
Investment properties	6	180,804,595	180,804,595
Investment securities	7	294,024,636	267,025,960
Investments on behalf of policyholders of unit-linked products		48,416,585	47,406,148
Reinsurance contract assets	8	396,364,578	353,632,724
Insurance and other receivables	9	225,856,210	203,970,443
Fixed deposits	10	231,606,020	79,908,538
Bank balances and cash	10	77,122,853	226,062,235
TOTAL ASSETS		1,484,742,664	1,387,310,084
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	149,954,112	149,954,112
Legal reserve	12	74,977,056	74,977,056
General reserve	13	74,977,056	74,977,056
Cumulative change in fair value through other comprehensive income (FVOCI) investments		3,170,569	4,124,588
Retained earnings		194,486,720	186,260,074
Reinsurance reserve	14	83,123	83,123
Total equity		497,648,636	490,376,009
Liabilities			
Provision for end of service indemnity		11,910,531	12,432,468
Insurance contract liabilities	8	697,923,745	623,896,421
Insurance and other payables	15	220,165,447	206,392,911
Payable to policyholders of unit linked products	16	48,416,585	47,406,148
Bank borrowings		8,677,720	6,806,127
Total liabilities		987,094,028	896,934,075
TOTAL EQUITY AND LIABILITIES		1,484,742,664	1,387,310,084


 HE Hamad Mubarak Buamim
 Chairman


 Dr. Abdul Zahra A. Ali
 Chief Executive Officer

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.

National General Insurance Co. (P.J.S.C.)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the period ended 30 June 2021 (Unaudited)

	<i>Three months period ended 30 June</i>		<i>Six months period ended 30 June</i>	
	<i>2021 AED</i>	<i>2020 AED</i>	<i>2021 AED</i>	<i>2020 AED</i>
Gross written premium	181,631,390	153,971,120	335,471,225	332,853,703
Reinsurance ceded	(103,625,397)	(95,871,692)	(182,412,679)	(187,073,423)
Net premium	78,005,993	58,099,428	153,058,546	145,780,280
Change in unearned premium / unexpired risk	(10,074,154)	3,639,712	(15,600,201)	(19,309,616)
Net earned premiums	67,931,839	61,739,140	137,458,345	126,470,664
Reinsurance commission earned	10,956,782	11,031,244	22,879,901	22,934,661
Net underwriting income	78,888,621	72,770,384	160,338,246	149,405,325
Claims paid	(76,830,281)	(57,804,852)	(149,165,379)	(136,447,526)
Reinsurance share	36,688,366	29,739,802	70,172,191	64,196,762
Net claims paid	(40,141,915)	(28,065,050)	(78,993,188)	(72,250,764)
Change in outstanding claims provision	(6,811,919)	(4,966,315)	(12,279,079)	(11,612,028)
Net incurred claims	(46,953,834)	(33,031,365)	(91,272,267)	(83,862,792)
Commission incurred	(12,326,226)	(9,901,492)	(25,759,398)	(16,174,579)
Administrative expenses	(15,126,312)	(16,392,327)	(26,587,435)	(33,636,561)
Net underwriting expenses	(74,406,372)	(59,325,184)	(143,619,100)	(133,673,932)
Movement in life assurance fund and payable to policyholders of unit linked products	(4,811,788)	(5,249,520)	(4,426,627)	4,267,185
Increase/ (decrease) in fair value of investment held for unit linked products	2,601,964	6,003,341	4,290,849	(2,442,946)
Net income from investment securities- life	642,018	362,622	1,782,826	1,255,794
Total underwriting expenses	(75,974,178)	(58,208,741)	(141,972,052)	(130,593,899)
Underwriting profit	2,914,443	14,561,643	18,366,194	18,811,426
Income from investment properties (net)	942,581	1,255,673	1,982,038	2,348,093
Net income from investment securities and deposits	10,079,414	5,108,589	20,116,853	(11,994,052)
Administrative expenses	(2,669,352)	(2,892,536)	(6,345,322)	(6,982,015)
Profit for the period	11,267,086	18,033,369	34,119,763	2,183,452
Basic and diluted earnings per share (Note 17)	0.08	0.12	0.23	0.01

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.

National General Insurance Co. (P.J.S.C.)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2021 (Unaudited)

	<i>Three months period ended 30 June</i>		<i>Six months period ended 30 June</i>	
	<i>2021 AED</i>	<i>2020 AED</i>	<i>2021 AED</i>	<i>2020 AED</i>
Profit for the period	<u>11,267,086</u>	<u>18,033,369</u>	<u>34,119,763</u>	<u>2,183,452</u>
Other comprehensive income				
<i>Items that may be reclassified to profit or loss:</i>				
Net changes in FVOCI investments	<u>841,079</u>	<u>1,258,469</u>	<u>(954,019)</u>	<u>1,216,133</u>
Total other comprehensive income/ (loss) for the period	<u>841,079</u>	<u>1,258,469</u>	<u>(954,019)</u>	<u>1,216,133</u>
Total comprehensive income for the period	<u><u>12,108,165</u></u>	<u><u>19,291,838</u></u>	<u><u>33,165,744</u></u>	<u><u>3,399,585</u></u>

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.

National General Insurance Co. (P.J.S.C.)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2021 (Unaudited)

	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>General reserve AED</i>	<i>Reinsurance reserve AED</i>	<i>Cumulative change in fair value of investments in FVOCI AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance at 31 December 2019 (audited)	149,954,112	74,977,056	74,977,056	-	254,852	156,975,776	457,138,852
Total comprehensive income for the period	-	-	-	-	1,216,133	2,183,452	3,399,585
Directors' remuneration (Note 20)	-	-	-	-	-	(1,745,850)	(1,745,850)
Dividends declared (Note 20)	-	-	-	-	-	(14,995,411)	(14,995,411)
Balance at 30 June 2020 (unaudited)	<u>149,954,112</u>	<u>74,977,056</u>	<u>74,977,056</u>	<u>-</u>	<u>1,470,985</u>	<u>142,417,967</u>	<u>443,797,176</u>
Balance at 31 December 2020 (audited)	149,954,112	74,977,056	74,977,056	83,123	4,124,588	186,260,074	490,376,009
Total comprehensive (loss)/ income for the period	-	-	-	-	(954,019)	34,119,763	33,165,744
Directors' remuneration (Note 20)	-	-	-	-	-	(3,400,000)	(3,400,000)
Dividends declared (Note 20)	-	-	-	-	-	(22,493,117)	(22,493,117)
Balance at 30 June 2021 (unaudited)	<u>149,954,112</u>	<u>74,977,056</u>	<u>74,977,056</u>	<u>83,123</u>	<u>3,170,569</u>	<u>194,486,720</u>	<u>497,648,636</u>

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

National General Insurance Co. (P.J.S.C.)

INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 June 2021 (Unaudited)

	<i>Six months period ended 30 June</i>	
	2021	2020
	AED	AED
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	34,119,763	2,183,452
Adjustments for:		
Depreciation and amortisation	1,157,599	1,139,678
Dividend income	(4,446,145)	(5,316,167)
Realised gain on investments fair valued through profit or loss (FVTPL)	(6,748,384)	(474,324)
Unrealised (gain)/ loss on investments in FVTPL	(7,090,793)	21,280,587
(Reversal)/ provision for expected credit losses	(2,471,182)	6,871,569
Loss on sale of investments at amortised costs	-	20,000
Other investment income	(4,242,493)	(5,864,138)
Provision for gratuity - net of repayment	(521,937)	820,042
Operating cash flows before changes in operating assets and liabilities	9,756,428	20,660,699
Change in insurance and other receivables (including related parties)	(19,414,585)	(104,156,172)
Change in insurance and other payables	13,772,537	55,664,666
Change in unearned premium reserve and life assurance fund	19,016,391	15,042,431
Change in net outstanding claims	12,279,079	11,612,028
Net cash generated from/ (used in) operating activities	35,409,850	(1,176,348)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,296,493)	(152,303)
Proceeds from disposal of property and equipment	91,148	-
Purchase of investments in FVTPL	(120,431,629)	(53,746,698)
Proceeds from sale of investments in FVTPL	105,307,673	10,652,781
Purchase on investments in FVOCI	-	(36,026,303)
Net movement in payable to Policyholders Unit Linked Products	1,010,437	-
Proceeds from sale of investments at amortised costs	-	9,172,500
Dividend income	4,446,145	5,316,167
Interest and other income	4,242,493	5,864,138
Change in bank deposits	(151,697,482)	37,929,714
Increase in bank borrowings	1,871,593	-
Net cash used in investing activities	(158,456,115)	(20,990,004)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(22,493,117)	(14,995,411)
Directors' remuneration paid	(3,400,000)	(1,745,850)
Net cash used in financing activities	(25,893,117)	(16,741,261)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(148,939,382)	(38,907,613)
Cash and cash equivalents at the beginning of the period	226,062,235	104,674,208
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 10)	77,122,853	65,766,595

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.

1 GENERAL INFORMATION

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

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

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

2 BASIS OF PREPARATION

The condensed interim financial statements of the Company for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and also comply with the applicable requirements of the laws in the U.A.E. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Board consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These condensed interim financial statements do not include all the information and disclosures required for in the annual financial statements and should be read in conjunction with the Company’s audited annual financial statements as at and for the year ended 31 December 2020. In addition, results for the six months period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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

The accounting policies, presentation and methods in this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2020.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

New standards, interpretations and amendments

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed interim financial statements.

4 CHANGES IN JUDGEMENTS AND ESTIMATION UNCERTAINTY

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2020, with the exception of the impact of the novel coronavirus (COVID-19) outbreak on the Company which is detailed below.

Recoverability of premium and insurance balances receivable

The COVID-19 outbreak led to a significant increase in the credit risk of companies within the economy as a result of operational disruption.

Based on management's assessment, the Company has not identified any material impact on the recoverability of premium and insurance balances receivable as at 30 June 2021.

Provision for outstanding claims and claims incurred but not reported

The Company has performed an assessment of the impact of COVID-19 on its contractual arrangements and provisions for outstanding claims and claims incurred but not reported which included regular sensitivity analyses. The Company determined that there is no material impact on its risk position and provision balances for outstanding claims and claims incurred but not reported, as at 30 June 2021. The Company will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

Fair value measurement of financial instruments

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

Based on management's assessment, the Company has not identified any material impact on the fair values of financial assets and liabilities as at 30 June 2021 other than the change which is already reflected in the condensed interim financial information.

Fair value measurement of investment properties

Based on management's assessment, there is limited information available on the 2021 outlook for the real estate market and how the situation will progress in light of COVID-19. The Company has not identified any significant impact to the fair values of investment properties as at 30 June 2021. The Company will consistently monitor the market and ensure that the prices used by the Company are an accurate representation of fair values.

5 PROPERTY AND EQUIPMENT

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

6 INVESTMENT PROPERTIES

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

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2021 (31 December 2020: Level 3).

National General Insurance Co. (P.J.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2021 (Unaudited)

7 INVESTMENT SECURITIES

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

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Financial assets at fair value through profit or loss (FVTPL)	229,173,551	201,220,783
Financial assets at fair value through other comprehensive income (FVOCI)	50,324,175	51,230,028
Financial assets at amortised cost	15,000,000	15,000,000
Less: Provision for expected credit losses (ECL)	(473,090)	(424,851)
	294,024,636	267,025,960
Investments securities – Geographic concentration		
Investments made:		
- Within U.A.E.	162,691,416	188,672,877
- Outside U.A.E.	131,333,220	78,353,083
Total	294,024,636	267,025,960
Financial assets at fair value through profit or loss		
Equity investments – quoted	116,912,960	105,112,042
Equity investments – unquoted	21,231,359	10,000,000
Fixed income investments/bonds – quoted	91,029,232	86,108,741
Total	229,173,551	201,220,783

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

Movements in provision for ECL are as follows:

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Balance at the beginning of the period/year	424,851	36,252
Provision for the period/year	48,239	388,599
Balance at the end of the period/year	473,090	424,851

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>30 June 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Insurance contract liabilities		
Claims reported unsettled	236,067,530	220,914,773
Claims incurred but not reported	102,132,644	94,065,912
Life assurance fund	98,268,257	82,195,192
Unearned premium and unexpired risk	261,455,314	226,720,544
Total insurance contract liabilities, gross	697,923,745	623,896,421
Reinsurance contract assets		
Recoverable from reinsurers		
Claims reported unsettled	185,598,526	177,527,617
Claims incurred but not reported	58,938,566	56,069,065
Life assurance fund	21,202,596	8,545,721
Unearned premium and unexpired risk	130,624,890	111,490,321
Total reinsurers' share of insurance liabilities	396,364,578	353,632,724
Net		
Claims reported unsettled	50,469,004	43,387,156
Claims incurred but not reported	43,194,078	37,996,847
Life assurance fund	77,065,661	73,649,471
Unearned premium and unexpired risk	130,830,424	115,230,223
	301,559,167	270,263,697

9 INSURANCE AND OTHER RECEIVABLES

	<i>30 June 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Premium receivables	31,539,949	35,920,581
Reinsurance companies	6,802,247	30,513,345
Insurance agents and brokers	142,055,507	100,800,944
Due from related parties	9,432,982	7,061,688
	189,830,685	174,296,558
Less: Provision for ECL	(7,084,586)	(9,555,768)
	182,746,099	164,740,790
Accrual of interest and other income	1,800,582	3,145,140
Deferred acquisition cost	21,388,237	24,066,325
Advances and prepayments	11,855,278	2,392,353
Other receivables	8,066,014	9,625,835
	225,856,210	203,970,443

National General Insurance Co. (P.J.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2021 (Unaudited)

9 INSURANCE AND OTHER RECEIVABLES (continued)

Movement in provision for ECL are as follows:

	<i>30 June 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Balance at the beginning of the period/year	9,555,768	13,103,664
(Reversal)/ allowance made for the period/year	(2,471,182)	3,737,998
Written off during the year	-	(7,285,894)
Balance at the end of the period/year	7,084,586	9,555,768

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

10 BANK BALANCES AND CASH

	<i>30 June 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Cash on hand	108,930	22,596
Cash with banks	77,055,368	226,081,397
Statutory deposit	10,000,000	10,000,000
Fixed deposits	221,606,020	69,908,538
Less: Provision for ECL	(41,445)	(41,758)
Total bank balances and cash	308,728,873	305,970,773
Less: Deposits with maturities greater than three months	(231,606,020)	(79,908,538)
Cash and cash equivalents	77,122,853	226,062,235

Fixed deposits amounting to AED 21.6 million (31 December 2020: AED 17million) under lien are against letters of guarantee (Note 19).

In accordance with the requirements of Federal Law No. 6 of 2007, on Establishment of Insurance Authority of U.A.E. and Organisation of its operations, the Company maintains a bank deposit of AED 10 million (31 December 2020: AED 10 million) as a statutory deposit. This deposit has been pledged to the Bank as security against a guarantee issued by the Bank in favour of the Ministry of Economy and Commerce (Note 19).

Movements in provision for ECL are as follows:

	<i>30 June 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Balance at the beginning of the period/year	41,758	105,371
Reversal during the period/year	(313)	(63,613)
Balance at the end of the period/year	41,445	41,758

National General Insurance Co. (P.J.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2021 (Unaudited)

11 SHARE CAPITAL

	<i>30 June 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Issued and fully paid (149,954,112 ordinary shares of AED 1 each)	149,954,112	149,954,112

12 LEGAL RESERVE

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

13 GENERAL RESERVE

General reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilized for any other purpose unless approved by the Ordinary General Assembly. No transfer to voluntary reserve is made during the period ended 30 June 2021.

14 REINSURANCE RESERVE

In accordance with Article 34 of Insurance Authority's Board of Directors Decision No. (23) of 2019, the Company allocated an amount equals to 0.5% of the total reinsurance premiums ceded to reinsurance reserve.

This reserve is accumulated year after year and may not be disposed off without the written approval of the Director General of the Insurance Authority

15 INSURANCE AND OTHER PAYABLES

	<i>30 June 2021 (unaudited) AED</i>	<i>31 December 2020 (audited) AED</i>
Creditors	37,376,645	44,926,847
Reinsurance companies	77,034,179	53,214,038
Premium reserve withheld	58,682,941	66,446,345
Due to related parties	870,639	1,032,525
Deferred reinsurance commission	19,228,266	17,626,398
Accrued expenses	14,784,051	9,610,251
Commission payable	1,498,976	1,253,704
Other payable balances	10,689,750	12,282,803
	220,165,447	206,392,911

16 PAYABLES TO POLICYHOLDERS OF UNIT-LINKED PRODUCTS*Movement during the period:*

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
As at 1 January	47,406,148	41,118,895
Amount invested by policyholders	6,464,795	11,411,850
Amount withdrawn at redemption stage/lapse/surrender by policyholder	(9,745,206)	(11,647,338)
Change in fair value	4,290,848	6,522,741
Payable to policyholders of unit-linked products	48,416,585	47,406,148

17 BASIC AND DILUTED EARNINGS PER SHARE

	Three months period ended 30 June		Six months period ended 30 June	
	2021 AED (unaudited)	2020 AED (unaudited)	2021 AED (unaudited)	2020 AED (unaudited)
Profit for the period (in AED)	11,267,086	18,033,369	34,119,763	2,183,452
Number of shares	149,954,112	149,954,112	149,954,112	149,954,112
Basic and diluted earnings per share (in AED)	0.08	0.12	0.23	0.01

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

18 RELATED PARTY TRANSACTIONS

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

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

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Due from related parties		
Insurance premium receivable	9,432,982	7,061,688
Due to related parties		
Insurance payable	870,639	1,032,525

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2021 (Unaudited)

18 RELATED PARTY TRANSACTIONS (continued)

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Cash and cash equivalents		
Cash at bank	64,606,027	219,838,521
Short term deposit	118,530,922	30,174,711
	183,136,949	250,013,232

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

	Three months period ended 30 June		Six months period ended 30 June	
	2021 AED (unaudited)	2020 AED (unaudited)	2021 AED (unaudited)	2020 AED (unaudited)
Key management personnel compensation				
Remuneration and short term benefits	1,712,408	1,901,731	3,334,771	4,001,554
End of service benefits	57,012	83,688	127,752	251,086
Other related parties				
Premiums	64,917,280	30,227,423	65,404,234	37,692,624
Claims paid	16,267,990	5,490,080	22,464,667	13,070,697
Dividend	-	-	14,302,752	9,535,168
Interest income	268,940	869,583	370,851	1,962,103

19 CONTINGENT LIABILITIES

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Letters of guarantee	15,416,154	12,077,287

Fixed deposits amounting to AED 21.6 million (31 December 2020: AED 17 million) are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 10 million (31 December 2020: AED 10 million) favouring the Ministry of Economy and Commerce.

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

20 DIVIDEND AND DIRECTORS' REMUNERATION

At the Annual General Meeting held on 29 March 2021, the Shareholders approved a cash dividend of AED 22,493,117 at 0.15 dirhams per share for 2020 (2020: AED 14,995,411 at 0.10 dirhams per share for 2019). The Shareholders also approved Board of Directors' remuneration of AED 3,400,000 for 2020 (2020: AED 1,745,850 for 2019).

21 SEGMENT INFORMATION

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

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

National General Insurance Co. (P.J.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2021 (Unaudited)

21 SEGMENT INFORMATION (continued)

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>For the six months</i>		<i>For the six months</i>		<i>For the six months</i>	
	<i>period ended 30 June</i>		<i>period ended 30 June</i>		<i>period ended 30 June</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Underwriting income						
Gross written premium	281,203,243	304,834,703	54,267,982	28,019,000	335,471,225	332,853,703
Reinsurance ceded	(150,733,430)	(176,057,423)	(31,679,249)	(11,016,000)	(182,412,679)	(187,073,423)
Net premium	130,469,813	128,777,280	22,588,733	17,003,000	153,058,546	145,780,280
Change in unearned premium	(14,296,168)	(16,553,870)	(1,304,034)	(2,755,746)	(15,600,202)	(19,309,616)
Net earned premium	116,173,645	112,223,410	21,284,699	14,247,254	137,458,344	126,470,664
Reinsurance commission	19,906,864	20,422,127	2,973,037	2,512,534	22,879,901	22,934,661
Total underwriting income	136,080,509	132,645,537	24,257,736	16,759,788	160,338,245	149,405,325
Underwriting expenses						
Net incurred claims	(76,204,582)	(62,543,755)	(15,067,684)	(21,319,037)	(91,272,266)	(83,862,792)
Commission incurred	(21,493,753)	(14,689,079)	(4,265,645)	(1,485,500)	(25,759,398)	(16,174,579)
Administrative expenses	(23,575,287)	(30,756,403)	(3,012,148)	(2,880,158)	(26,587,435)	(33,636,561)
Net underwriting expenses	(121,273,622)	(107,989,237)	(22,345,477)	(25,684,695)	(143,619,099)	(133,673,932)
Profit/(loss) before movement in life assurance fund	14,806,887	24,656,300	1,912,259	(8,924,907)	16,719,146	15,731,393
Movement in life assurance fund and payable to policyholders of unit linked products		-	(4,426,627)	4,267,185	(4,426,627)	4,267,185
Increase/ (decrease) in fair value of investment held for unit linked products		-	4,290,849	(2,442,946)	4,290,849	(2,442,946)
Net income from investments life		-	1,782,826	1,255,794	1,782,826	1,255,794
Underwriting profit for the period	14,806,887	24,656,300	3,559,307	(5,844,874)	18,366,194	18,811,426
Income from investment properties (net)					1,982,038	2,348,093
Net income from investment securities					20,116,853	(11,994,052)
Unallocated expenses					(6,345,322)	(6,982,015)
Profit for the period					34,119,763	2,183,452

National General Insurance Co. (P.J.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2021 (Unaudited)

21 SEGMENT INFORMATION (continued)

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>30 June 2021 (unaudited) AED</i>	<i>31 December 2020 (unaudited) AED</i>	<i>30 June 2021 (unaudited) AED</i>	<i>31 December 2020 (unaudited) AED</i>	<i>31 June 2021 (unaudited) AED</i>	<i>31 December 2020 (unaudited) AED</i>
Assets						
Property and equipment	27,458,601	25,693,406	-	-	27,458,601	25,693,406
Intangible assets	3,088,586	2,806,035	-	-	3,088,586	2,806,035
Investment properties	180,804,595	180,804,595	-	-	180,804,595	180,804,595
Investments securities	229,103,312	201,192,201	64,921,324	65,833,759	294,024,636	267,025,960
Investments on behalf of policyholders of unit-linked products	-	-	48,416,585	47,406,148	48,416,585	47,406,148
Reinsurance contract assets	344,570,492	321,299,398	51,794,086	32,333,326	396,364,578	353,632,724
Insurance and other receivables	213,826,480	187,002,288	12,029,730	16,968,155	225,856,210	203,970,443
Bank balances and cash	200,884,013	210,826,978	107,844,860	95,143,795	308,728,873	305,970,773
Total assets	1,199,736,079	1,129,624,901	285,006,585	257,685,183	1,484,742,664	1,387,310,084
Liabilities						
Insurance contract liabilities	560,281,940	509,789,335	137,641,805	114,107,086	697,923,745	623,896,421
Provision for end of service indemnity	11,910,531	12,432,468	-	-	11,910,531	12,432,468
Insurance and other payables	207,313,215	193,711,637	12,852,232	12,681,274	220,165,447	206,392,911
Bank borrowings	8,677,720	6,806,127	-	-	8,677,720	6,806,127
Payable to policyholders of unit linked products	-	-	48,416,585	47,406,148	48,416,585	47,406,148
Total liabilities	788,183,406	722,739,567	198,910,622	174,194,508	987,094,028	896,934,075
Equity						
Share capital					149,954,112	149,954,112
Legal reserve					74,977,056	74,977,056
General reserve					74,977,056	74,977,056
Reinsurance reserve					83,123	83,123
Cumulative change in fair value of investments in FVOCI					3,170,569	4,124,588
Retained earnings					194,486,720	186,260,074
Total equity					497,648,636	490,376,009
Total liabilities and equity					1,484,742,664	1,387,310,084

22 CLASSES AND CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

30 June 2021 (unaudited)

	<i>FVTPL</i> <i>AED</i>	<i>FVOCI</i> <i>AED</i>	<i>Amortised cost</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Financial assets:				
Investment securities	229,103,311	49,937,921	14,983,404	294,024,636
Investments on behalf of policyholders of unit-linked products	48,416,585	-	-	48,416,585
Insurance and other receivables	-	-	199,382,174	199,382,174
Bank balances and cash	-	-	308,728,873	308,728,873
	<u>277,519,896</u>	<u>49,937,921</u>	<u>523,094,451</u>	<u>850,552,268</u>
Financial liabilities:				
Insurance and other payables	-	-	200,937,181	200,937,181
Payable to policyholders of unit-linked products	-	-	48,416,585	48,416,585
	<u>-</u>	<u>-</u>	<u>249,353,766</u>	<u>249,353,766</u>

31 December 2020 (audited)

	<i>FVTPL</i> <i>AED</i>	<i>FVOCI</i> <i>AED</i>	<i>Amortised cost</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Financial assets:				
Investment securities	201,220,783	50,850,355	14,983,404	267,054,542
Investments on behalf of policyholders of unit-linked products	47,406,148	-	-	47,406,148
Insurance and other receivables	-	-	176,070,712	176,070,712
Bank balances and cash	-	-	305,970,773	305,970,773
	<u>248,626,931</u>	<u>50,850,355</u>	<u>497,024,889</u>	<u>796,502,175</u>
Financial liabilities:				
Insurance and other payables	-	-	188,766,513	188,766,513
Payable to policyholders of unit-linked products	-	-	47,406,148	47,406,148
Bank borrowings	-	-	6,806,127	6,806,127
	<u>-</u>	<u>-</u>	<u>242,978,788</u>	<u>242,978,788</u>

23 FAIR VALUE MEASUREMENTS

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

Fair value of financial instruments carried at amortised cost

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

23 FAIR VALUE MEASUREMENTS (continued)**Fair value of financial instruments carried at fair value***Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2020.

Fair value measurements recognised in the condensed statement of financial position

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

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

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

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

<i>Financial assets</i>	<i>Fair value as at</i>		<i>Fair value</i>	<i>Valuation</i>	<i>Significant</i>	<i>Relationship of</i>
	<i>30 June</i>	<i>31 December</i>	<i>hierarchy</i>	<i>techniques and</i>	<i>unobservable</i>	<i>unobservable</i>
	<i>2021</i>	<i>2020</i>		<i>key inputs</i>	<i>input</i>	<i>inputs to fair</i>
	<i>(unaudited)</i>	<i>(audited)</i>				<i>value</i>
	<i>AED</i>	<i>AED</i>				
FVOCI						
Quoted debt securities	49,937,921	50,850,355	Level 1	Quoted bid prices in an active market.	None.	N/A
FVTPL						
Quoted equity securities	116,912,960	105,112,042	Level 1	Quoted bid prices in an active market.	None.	N/A
Quoted debt securities	90,958,993	86,080,159	Level 1	Quoted bid prices in an active market.	None.	N/A
Unit linked products	48,416,585	47,406,148	Level 2	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Unquoted equity securities	21,231,359	10,000,000	Level 3	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.

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

24 SEASONALITY OF RESULTS

No income of seasonal nature was recorded in the interim condensed statement of profit or loss for the six month periods ended 30 June 2021 and 2020.

25 COVID-19 IMPACT ASSESSMENT

A year ago, on 11 March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. Since then, daily life across the globe has changed. Although vaccination have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the business activities. The COVID-19 pandemic had a seismic effect on the UAE market. However, despite this shock, the UAE's commendable handling of the pandemic and fiscal and monetary stimulus plans has seen recovery ensue in certain sectors.

Since the start of the pandemic NGI Management has considered the unique circumstances and the risk exposures of the Company that could have a material impact on the business operations. The Company has implemented business continuity plan that includes all the procedures and protocols during these current situations and has formed Crisis Management Committee reporting to Chief Executive Officer. Remote working plans were initiated, and measures were taken to ensure uninterrupted business. In addition to this, facility to get vaccination has been organized for the employees and their spouses in collaboration with Commercial bank of Dubai.

On the business side, the impact of Covid-19 has been minimal. There is a positive impact on profitability due to earning of premiums from last year and also due to lesser number of claims in various lines of business. Further to this investment income has also shown great improvement from the previous period.