

**AL FUJAIRAH NATIONAL
INSURANCE COMPANY PJSC**

**Condensed interim financial statements (Unaudited)
For the three months period ended 31 March 2020**

BOARD OF DIRECTOR'S REPORT**For the period from 01.01.2020 to 31.03.2020**

Al Fujairah National Insurance Company Board of Directors is pleased to announce its Financial Results for the period ended 31 March 2020.

The Company achieved Net profit of AED 3.0 million for the 3 months ended 31.03.2020 as compared with AED 12.8 million for the same period of last year.

The Company achieved Net Technical profit of AED 9.8 Million during 3 months ended 31.03.2020 as compared with AED 14.5 million for the same period of last year.

The Company's premium revenue is AED 69.97 million during the first 3 months of 2020 comparing with AED 67.16 million for the same period of last year.

The Company's Investment loss is AED 2.8 million during the 3 months ended 31.03.2020 as compared with a profit of AED 1.8 million for the same period as of last year.

Earnings per share as on 31.03.2020 is AED 2.73 compared to AED 11.67(restated) as of 31.03.2019.

The shareholder's equity decreased from 283.9 million as at 31.12.2019 to AED 271.9 million as at 31.03.2020.

ABDUL GHAFOOR BEHROOZIAN
Chairman



Fujairah
28-06-2020



Review Report of the Independent Auditor To the Shareholders of Al Fujairah National Insurance Company PJSC

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Fujairah National Insurance Company PJSC (the “Company”) as of 31 March 2020 and the related condensed interim statement of income, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three months period then ended. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed interim financial statements 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 statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.


GRANT THORNTON
Farouk Mohamed
Registration No: 86
Dubai 28 June 2020




Al Fujairah National Insurance Company PJSC
Condensed interim financial statements (Unaudited)

Condensed interim statement of financial position
As at 31 March 2020

	Notes	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
ASSETS			
Property and equipment	5	28,381,214	41,551,994
Investment properties	6	84,875,000	84,875,000
Financial assets	7	230,936,942	235,131,106
Statutory deposit	8	10,000,000	10,000,000
Re-insurance contract assets	9	52,589,354	43,222,632
Insurance and other receivables		85,378,997	62,460,352
Due from related parties		6,158,421	1,470,500
Bank balances and cash	10	125,010,293	135,601,945
Total assets		623,330,221	614,313,529
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	110,000,000	110,000,000
Statutory reserve		35,401,605	35,401,605
General reserve		31,556,445	31,556,445
Cumulative changes in fair value of financial assets at FVTOCI		21,646,362	36,637,580
Property revaluation reserve		11,205,588	11,205,588
Retained earnings		62,177,146	59,171,917
Total equity		271,987,146	283,973,135
Liabilities			
Provision for employees' end of service indemnity		17,334,695	16,291,530
Insurance contract liabilities	9	248,252,734	230,238,929
Insurance and other payables		79,789,487	63,700,627
Lease liabilities		5,966,159	20,109,308
Total liabilities		351,343,075	330,340,394
Total equity and liabilities		623,330,221	614,313,529


 Abdul Ghafoor Behroozian
 Chairman


 Antoine Maalouli
 Chief Executive Officer

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

Al Fujairah National Insurance Company PJSC
Condensed interim financial statements (Unaudited)

Condensed interim statement of income
For the three months period ended 31 March 2020

	Notes	(Unaudited) Three months period ended 31 March 2020 AED	(Unaudited) Three months period ended 31 March 2019 AED
Insurance premium revenue		69,973,964	67,160,786
Insurance premium ceded to re-insurers		<u>(13,153,714)</u>	<u>(12,891,894)</u>
Net insurance premium revenue	12	<u>56,820,250</u>	<u>54,268,892</u>
Gross claims incurred		(32,902,557)	(25,573,893)
Insurance claims recovered from re-insurers		<u>3,157,721</u>	<u>1,715,132</u>
Net claims incurred		<u>(29,744,836)</u>	<u>(23,858,761)</u>
Commission earned		3,399,307	2,737,532
Commission incurred		<u>(4,702,438)</u>	<u>(4,447,542)</u>
Net commission incurred		<u>(1,303,131)</u>	<u>(1,710,010)</u>
Underwriting profit		25,772,283	28,700,121
General and administrative expenses relating to underwriting activities		<u>(15,937,522)</u>	<u>(14,168,438)</u>
Net underwriting profit		9,834,761	14,531,683
(Loss) / income from investments and others		(2,845,151)	1,841,902
Unallocated general and administrative expenses		<u>(3,984,381)</u>	<u>(3,542,109)</u>
Profit for the period		<u>3,005,229</u>	<u>12,831,476</u>
Basic earnings per share	13	<u>2.73</u>	Restated <u>11.67</u>

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

Al Fujairah National Insurance Company PJSC
Condensed interim financial statements (Unaudited)

Condensed interim statement of comprehensive income
For the three months period ended 31 March 2020

	(Unaudited) Three months period ended 31 March 2020 AED	(Unaudited) Three months period ended 31 March 2019 AED
Profit for the period	<u>3,005,229</u>	<u>12,831,476</u>
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net fair value (loss) / gain on investments designated at FVTOCI	(14,991,218)	3,981,422
Gain on sale of investments designated at FVTOCI	<u>-</u>	<u>171,124</u>
Other comprehensive (loss) / income for the period	(14,991,218)	4,152,546
Total comprehensive (loss) / income for the period	<u>(11,985,989)</u>	<u>16,984,022</u>

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

Al Fujairah National Insurance Company PJSC
Condensed interim financial statements (Unaudited)

Condensed interim statement of changes in equity
For the three months period ended 31 March 2020

	Share capital AED	Statutory reserve AED	General reserve AED	Cumulative changes in fair values of financial assets at FVTOCI AED	Property revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2019 (audited)	100,000,000	32,280,179	28,435,019	22,192,049	11,205,588	51,216,179	245,329,014
Profit for the three months period ended 31 March 2019	-	-	-	-	-	12,831,476	12,831,476
Other comprehensive income for the period	-	-	-	3,981,422	-	171,124	4,152,546
Total comprehensive income for the period	-	-	-	3,981,422	-	13,002,600	16,984,022
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	888,715	-	(888,715)	-
Balance at 31 March 2019 (unaudited)	100,000,000	32,280,179	28,435,019	27,062,186	11,205,588	63,330,064	262,313,036
Balance at 1 January 2020 (audited)	110,000,000	35,401,605	31,556,445	36,637,580	11,205,588	59,171,917	283,973,135
Profit for the three months period ended 31 March 2020	-	-	-	-	-	3,005,229	3,005,229
Other comprehensive loss for the period	-	-	-	(14,991,218)	-	-	(14,991,218)
Total comprehensive loss for the period	-	-	-	(14,991,218)	-	3,005,229	(11,985,989)
Balance at 31 March 2020 (unaudited)	110,000,000	35,401,605	31,556,445	21,646,362	11,205,588	62,177,146	271,987,146

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

Al Fujairah National Insurance Company PJSC
Condensed interim financial statements (Unaudited)

Condensed interim statement of cash flows
For the three months period ended 31 March 2020

	(Unaudited) Three months period ended 31 March 2020 AED	(Unaudited) Three months period ended 31 March 2019 AED
Cash flows from operating activities		
Profit for the period	3,005,229	12,831,476
Adjustments for:		
Depreciation of property and equipment	3,479,681	4,032,238
Provision for employees' end of service indemnity	1,363,053	322,689
Loss on investments at FVTPL	5,624,228	23,412
Other investment income	(2,863,066)	(1,865,314)
Interest on lease liabilities	83,989	295,871
	<u>10,693,114</u>	<u>15,640,372</u>
Operating cash flow before changes in operating assets and liabilities		
Increase in reinsurance contract assets	(9,366,722)	(7,028,371)
Increase in insurance contracts liabilities	18,013,805	21,362,827
Increase in insurance and other receivables	(27,606,563)	(15,353,473)
Increase in insurance and other payables	16,088,860	4,359,976
	<u>7,822,494</u>	<u>18,981,331</u>
Cash generated from operations		
Employees' end of service indemnity paid	(319,885)	-
Net cash generated from operating activities	<u>7,502,609</u>	<u>18,981,331</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,012,239)	(977,002)
Proceeds from disposal of property and equipment	876,383	-
Decrease / (increase) in investment in fixed deposits with maturity over 3 months	53,551,876	(25,146,093)
Purchase of investment in securities	(33,808,128)	(60,303)
Proceeds from disposal of investments	17,386,845	1,853,976
Interest received	950,487	908,173
Dividends received	676,166	498,064
Income from investment properties	360,030	459,077
	<u>38,981,420</u>	<u>(22,464,108)</u>
Net cash generated from / (used in) investing activities		
FINANCING ACTIVITY		
Payment of lease liabilities	(3,523,802)	(3,116,250)
Net cash used in financing activity	<u>(3,523,802)</u>	<u>(3,116,250)</u>
Net increase / (decrease) in cash and cash equivalents	42,960,227	(6,599,027)
Cash and cash equivalents, at the beginning of the period	50,922,153	72,517,258
Cash and cash equivalents, at the end of the period (Note 15)	<u>93,882,380</u>	<u>65,918,231</u>

The accompanying notes from 1 to 21 form an integral part of these condensed interim financial statements.

Al Fujairah National Insurance Company PJSC

Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements

For the three months period ended 31 March 2020

1 Legal status and activities

Al Fujairah National Insurance Company PJSC, Fujairah (the “Company”) is incorporated as a public shareholding Company by Emiri Decree No. 3 issued by His Highness, The Ruler of Fujairah in October 1976. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, concerning formation of the Insurance Authority of U.A.E. and regulation of its operations and is registered in the Insurance Companies Register of the Insurance Authority of U.A.E. under registration number (11). The address of the Company’s registered office is P.O. Box 277, Fujairah, United Arab Emirates.

The Company’s ordinary shares are listed on Abu Dhabi Securities Exchange, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general insurance and short-term life insurance. The company operates through its head office in Fujairah and branch offices in Dubai, Abu Dhabi, Sharjah and Dibba.

2 General information and basis of preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, “*Interim Financial Reporting*” and also comply with the applicable requirements of the laws in the U.A.E.

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

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

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

The Company’s financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2019.

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

3 Summary of significant accounting policies

These condensed interim financial statements have been prepared in accordance with the accounting policies adopted in the Company’s most recent annual financial statements for the year ended 31 December 2019. Certain amendments to accounting standards and annual improvements, as disclosed in the Company’s most recent annual financial statements for the year ended 31 December 2019, are applicable on the Company but do not have any material impact on these condensed interim financial statements.

Al Fujairah National Insurance Company PJSC

Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements

For the three months period ended 31 March 2020

3 Summary of significant accounting policies (continued)

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The impact of the new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts (effective for accounting period beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied)

IFRS 17 Insurance contracts combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, IFRS 17:

- combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

The key principles in IFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognise and measure;
- recognises and measures groups of insurance contracts at:
 - i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
 - ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognises the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts. The Company is currently evaluating the expected impact.

Al Fujairah National Insurance Company PJSC

Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements

For the three months period ended 31 March 2020

3 Summary of significant accounting policies (continued)

Property and equipment

Capital work in progress is stated at cost, less any impairment loss. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use.

Other property and equipment are carried at cost less accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The useful lives used in the calculation of depreciation of property and equipment, other than capital work in progress, are as follows:

	<u>Years</u>
Freehold property	30
Motor vehicles	5
Furniture and office equipment	4-5
Fujairah scrap yard improvements	10

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the period of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

Fair value is determined by open market values based on valuations performed by independent surveyors.

Al Fujairah National Insurance Company PJSC

Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements

For the three months period ended 31 March 2020

3 Summary of significant accounting policies (continued)

Financial instruments

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are mandatorily classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

For a financial asset that is a debt instrument to be measured at FVTOCI it must be held in a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets.

Investments in equity and debts instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to income statement, but is reclassified to retained earnings.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.
- No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured.

Al Fujairah National Insurance Company PJSC

Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements

For the three months period ended 31 March 2020

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

The Company has assessed that the impact of IFRS 9 is not material on the condensed interim financial statements of the Company as at the reporting date.

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

5. Property and equipment

Property and equipment additions during the current period amounted to AED 1,012,239 (Three months period ended 31 March 2019: AED 977,002).

- Depreciation charges for the current period amounted to AED 3,479,681 (Three months period ended 31 March 2019: AED 4,032,238).
- All the properties and equipment are located in U.A.E.

Al Fujairah National Insurance Company PJSC
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the three months period ended 31 March 2020

6. Investment properties

All the investment properties are stated at fair value and are located in U.A.E.

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Fair value at the beginning of the period / year	84,875,000	84,550,000
Increase in fair value during the period / year	-	325,000
	<u>84,875,000</u>	<u>84,875,000</u>

Investment properties represent the fair value of two buildings and plots of land which are located in Fujairah, U.A.E.

7. Financial assets

The Company's financial investments at the end of reporting period are as follows:

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Financial investment designated at FVTOCI		
Quoted U.A.E. equity securities	118,953,920	120,283,450
Unquoted U.A.E. equity securities	35,125,367	34,762,318
Mutual funds	20,146,923	4,789,530
	<u>174,226,210</u>	<u>159,835,298</u>
Financial investments at FVTPL		
Quoted U.A.E. equity securities	9,978,513	14,792,777
Financial investments at amortised cost		
Quoted debt instruments	3,724,375	3,724,375
Unquoted debt instruments	43,007,844	56,778,656
	<u>46,732,219</u>	<u>60,503,031</u>
Total financial investments	<u>230,936,942</u>	<u>235,131,106</u>

The movements in investments in securities are as follows:

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
At fair value through other comprehensive income		
Fair value at the beginning of the period / year	159,835,298	147,486,394
Purchased during the period / year	29,382,130	18,317,788
Disposals during the period / year	-	(20,781,260)
Net (decrease) / increase in fair value	<u>(14,991,218)</u>	<u>14,812,376</u>
Fair value at the end of the period / year	<u>174,226,210</u>	<u>159,835,298</u>

Al Fujairah National Insurance Company PJSC
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the three months period ended 31 March 2020

7. Financial assets (continued)

Investments at FVTOCI comprise of the following:

	(Unaudited)	(Audited)
	31 March	31 December
	2020	2019
	AED	AED
Within U.A.E.	131,487,489	132,703,673
Outside U.A.E.	42,738,721	27,131,625
	<u>174,226,210</u>	<u>159,835,298</u>

Mutual funds comprise of investment in local and international funds which are administered by financial institutions domiciled in U.A.E.

	(Unaudited)	(Audited)
	31 March	31 December
	2020	2019
	AED	AED
At fair value through profit or loss		
Fair value at the beginning of the period / year	14,792,777	9,292,536
Purchased during the period / year	1,614,424	17,150,147
Disposals during the period / year	(1,313,463)	(9,910,924)
Net decrease in fair value	(5,115,225)	(1,738,982)
Fair value at the end of the period / year	<u>9,978,513</u>	<u>14,792,777</u>

All financial investments at FVTPL are held in U.A.E.

	(Unaudited)	(Audited)
	31 March	31 December
	2020	2019
	AED	AED
At amortised cost		
Amortised cost at the beginning of the period / year	60,503,031	23,635,356
Purchased during the period / year	2,811,574	58,436,238
Disposals during the period / year	(16,582,386)	(21,568,563)
Amortised cost at the end of the period / year	<u>46,732,219</u>	<u>60,503,031</u>

Fair value of financial investments recorded at amortised cost approximates the carrying amount of such investments.

Al Fujairah National Insurance Company PJSC
Condensed interim financial statements (Unaudited)

Notes to the condensed interim financial statements
For the three months period ended 31 March 2020

7. Financial assets (continued)

Investments at amortised cost comprise the following:

	(Unaudited)	(Audited)
	31 March	31 December
	2020	2019
	AED	AED
Within U.A.E.	20,046,400	20,046,400
Outside U.A.E.	26,685,819	40,456,631
	<u>46,732,219</u>	<u>60,503,031</u>

8. Statutory deposit

	(Unaudited)	(Audited)
	31 March	31 December
	2020	2019
	AED	AED
Statutory deposit maintained in accordance with Article 42 of U.A.E., Federal Law No. 6 of 2007	<u>10,000,000</u>	<u>10,000,000</u>

9. Insurance contract liabilities and re-insurance contract assets

	(Unaudited)	(Audited)
	31 March	31 December
	2020	2019
	AED	AED
Gross		
Insurance contract liabilities:		
Claims reported unsettled	74,657,570	75,533,460
Claims incurred but not reported	21,502,988	27,424,594
Unearned premiums	152,092,176	127,280,875
Total insurance contract liabilities, gross	<u>248,252,734</u>	<u>230,238,929</u>
Recoverable from reinsurers		
Claims reported unsettled	(25,558,614)	(27,531,678)
Claims incurred but not reported	(2,870,603)	(4,211,917)
Unearned premiums	(24,160,137)	(11,479,037)
Total reinsurers' share of insurance liabilities	<u>(52,589,354)</u>	<u>(43,222,632)</u>
Net		
Claims reported unsettled	49,098,956	48,001,782
Claims incurred but not reported	18,632,385	23,212,677
Unearned premiums	127,932,039	115,801,838
	<u>195,663,380</u>	<u>187,016,297</u>

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10. Bank balances and cash

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Bank balances:		
Call and current accounts	38,108,773	23,046,852
Fixed deposits	86,251,887	112,214,261
Cash on hand	649,633	340,832
	<u>125,010,293</u>	<u>135,601,945</u>

Bank balances are maintained with banks registered in United Arab Emirates.

Fixed deposits amounting to AED 2,000,000 (31 December 2019: AED 2,000,000) are under lien in respect of bank credit facility granted to the Company (Note 15).

11. Share capital

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Issued and fully paid: 1,100,000 ordinary shares (2019: 1,100,000 ordinary shares) of AED 100 each	<u>110,000,000</u>	<u>110,000,000</u>

12. Net insurance premium revenue

	(Unaudited) Three months period ended 31 March 2020 AED	(Unaudited) Three months period ended 31 March 2019 AED
Gross premium written		
Gross premium written	94,785,265	93,331,076
Change in unearned premium	<u>(24,811,301)</u>	<u>(26,170,290)</u>
	<u>69,973,964</u>	<u>67,160,786</u>
Reinsurance premium ceded		
Reinsurance premium ceded	(25,834,814)	(21,865,347)
Change in unearned premium	<u>12,681,100</u>	<u>8,973,453</u>
	<u>(13,153,714)</u>	<u>(12,891,894)</u>
Net insurance premium revenue	<u>56,820,250</u>	<u>54,268,892</u>

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13. Basic earnings per share

	(Unaudited) Three months period ended 31 March 2020	Restated (Unaudited) Three months period ended 31 March 2019
Profit for the period (in AED)	3,049,174	12,831,476
Number of shares (share)	1,100,000	1,100,000
Basic earnings per share (in AED)	<u>2.77</u>	<u>11.67</u>

15. Dividends and bonus share

The Shareholders' General Assembly held on 19 May 2020 approved the payment of cash dividends at 8% of share capital and 10% bonus shares of the share capital for the year 2019 (2018: The Shareholders' General Assembly resolved the payment of 10% cash dividends and 10% bonus shares for the year 2018).

The books of accounts were not adjusted with the approved cash dividends for the year 2019 as the same was approved by the Shareholder after the end of the current period.

15. Cash and cash equivalents

	(Unaudited) 31 March 2020 AED	(Unaudited) 31 March 2019 AED
Bank balances and cash	125,010,293	148,897,033
Fixed deposits under lien	(2,000,000)	(2,000,000)
Fixed deposits with original maturity over 3 months	<u>(29,127,913)</u>	<u>(80,978,802)</u>
	<u>93,882,380</u>	<u>65,918,231</u>

16. Segment information

The Company is organised into two main business segments:

Underwriting of general insurance business incorporating all classes of general insurance including fire, marine, motor, medical, general accident and miscellaneous. All underwriting activities are carried out in the UAE except for re-insurance which is done principally with companies outside U.A.E.

Investments incorporating investments in U.A.E. marketable equity securities, fixed deposits with banks and investment properties.

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16. Segment information (continued)

	For the three months period ended 31 March 2020			For the three months period ended 31 March 2019		
	Underwriting (unaudited)	Investments (unaudited)	Total (unaudited)	Underwriting (unaudited)	Investments (unaudited)	Total (unaudited)
	AED	AED	AED	AED	AED	AED
Net insurance premium revenue	56,820,250	-	56,820,250	54,268,892	-	54,268,892
Net claims incurred	(29,744,836)	-	(29,744,836)	(23,858,761)	-	(23,858,761)
Net commission incurred	(1,303,131)	-	(1,303,131)	(1,710,010)	-	(1,710,010)
(Loss) / income from investments and others	-	(2,801,206)	(2,801,206)	-	1,841,902	1,841,902
Segment results	9,834,761	(2,801,206)	7,033,555	14,531,683	1,841,902	16,373,585
Unallocated costs (net)	-	-	(3,984,381)	-	-	(3,542,109)
Profit for the period	-	-	3,049,174	-	-	12,831,476
	As of 31 March 2020			As of 31 December 2019		
	Underwriting (unaudited)	Investments (unaudited)	Total (unaudited)	Underwriting (audited)	Investments (audited)	Total (audited)
	AED	AED	AED	AED	AED	AED
Segment assets	182,507,983	402,063,832	584,571,815	158,705,478	432,220,367	590,925,845
Unallocated assets	-	-	38,758,406	-	-	23,387,684
Total assets	-	-	623,330,221	-	-	614,313,529
Segment liabilities	334,008,380	-	334,008,380	314,048,864	-	314,048,864
Unallocated liabilities	-	-	17,334,695	-	-	16,291,530
Total liabilities	-	-	351,343,075	-	-	330,340,394

There are no transactions between the business segments.

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17. Related party balances and transactions

Related parties include the Company's major shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel. At the reporting date, amounts due from/to related parties included under insurance and other receivables and under insurance contract liabilities, respectively, were as follows:

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Due from policy holders	<u>6,158,421</u>	<u>1,470,500</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been received and no expense has been recognised in the period for expected credit losses in respect of the amounts owed by related parties.

Transactions:

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

	(Unaudited) Three months period ended 31 March 2020	(Unaudited) Three months period ended 31 March 2019 AED
Gross premium	16,142,129	12,542,528
Claims (recovery) / paid	<u>(590,905)</u>	<u>749,715</u>

Premiums are charged to related parties at rates agreed with the management.

Compensations of key management staff and Board of Directors

	(Unaudited) Three months period ended 31 March 2020 AED	(Unaudited) Three months period ended 31 March 2019 AED
Key management staff:		
Short-term benefits	3,707,157	1,971,554
Long-term benefits	471,238	840,273
Board of directors' meeting allowance	<u>337,500</u>	<u>337,500</u>

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18. Seasonality of results and events effecting the operations

Income from investments and others includes dividend income of AED 676,166 for the three months period ended 31 March 2020 (Three months period ended 31 March 2019: AED 498,064), which is of a seasonal nature. Also, there was an outbreak of a global pandemic (Novel Coronavirus disease), causing significant financial and economic impact on major economies across the globe and affecting multiple industries. As at the date of approval of the financial statements, management is in the process of assessing the impact of the said event on its subsequent period's financial results. Accordingly, results for the period ended 31 March 2020 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2020.

19. Commitments and contingent liabilities

	(Unaudited) 31 March 2020 AED	(Audited) 31 December 2019 AED
Letters of guarantee	17,761,653	17,761,653
Capital commitments	<u>1,214,303</u>	<u>1,047,914</u>

20. Fair value measurement

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. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

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 statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

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

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20. Fair value measurement (continued)

Fair value of the Company's financial assets that are measured at fair value on recurring basis

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

Financial assets	Fair value as at 31 March 2020 (unaudited) AED	31 December 2019 (audited) AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments – FVTOCI	118,953,920	120,283,450	Level 1	Quoted bid prices in an active market.	None.	NA
Mutual funds	20,146,923	4,789,530	Level 3	Adjusted net assets valuation method after adjusting for certain components in financial information of underlying companies.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Unquoted equity investments – FVTOCI	35,125,367	34,726,318	Level 3	Adjusted net assets valuation method after adjusting for certain components in financial information of underlying companies.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Quoted equity investments – FVTPL	9,978,513	14,792,777	Level 1	Quoted bid prices in an active market.	None.	NA

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20. Fair value measurement (continued)

Fair value measurements recognised in the condensed interim statement of financial position.

The following table provides an analysis of financial assets and non-financial assets 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).

31 March 2020 (unaudited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTPL				
Quoted equities	9,978,513	-	-	9,978,513
Financial assets at FVTOCI				
Quoted equities	118,953,920	-	-	118,953,920
Mutual funds	-	-	20,146,923	20,146,923
Unquoted equities	-	-	35,125,367	35,125,367
	128,932,433	-	55,272,290	184,204,723

31 December 2019 (audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTPL				
Quoted equities	14,792,777	-	-	14,792,777
Financial assets at FVTOCI				
Quoted equities	120,283,450	-	-	120,283,450
Mutual funds	-	-	4,789,530	4,789,530
Unquoted equities	-	-	34,726,318	34,726,318
	135,076,227	-	39,515,848	174,592,075

There was no transfer between the levels 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.

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21. Approval of condensed interim financial statements

The condensed interim financial statements were approved and authorised for issue on 28 June 2020.