

Dubai Insurance Company (P.S.C.)

Condensed consolidated interim financial statements
(Unaudited)

For the period ended 30 September 2020



Grant Thornton

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Review report of the Independent Auditor To the Shareholders of Dubai Insurance Company (P.S.C.)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Dubai Insurance Company (P.S.C.) (the “Company”) and its subsidiary (collectively referred to as the “Group”), as of 30 September 2020 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the nine month period then ended along. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed consolidated 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 consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

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Farouk Mohamed

Registration No: 86

Dubai, 4 November 2020



Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Condensed consolidated interim statement of financial position
As at 30 September 2020

| | Notes | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 |
|---|-------|--|---|
| ASSETS | | | |
| Property and equipment | | 48,166 | 47,550 |
| Investment property | | 43,904 | 36,507 |
| Financial instruments | 6 | 471,755 | 506,755 |
| Reinsurance assets | | 877,941 | 694,417 |
| Insurance receivables | | 225,571 | 202,740 |
| Prepayments and other receivables | | 29,548 | 22,328 |
| Statutory deposits | | 10,000 | 10,000 |
| Cash and cash equivalents | 7 | 128,167 | 88,917 |
| TOTAL ASSETS | | 1,835,052 | 1,609,214 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 9 | 100,000 | 100,000 |
| Statutory reserve | 10 | 50,000 | 50,000 |
| General reserve | 10 | 50,000 | 20,000 |
| Retained earnings | | 163,647 | 181,665 |
| Cumulative changes in fair value of investments | | 151,870 | 189,409 |
| Total equity | | 515,517 | 541,074 |
| Liabilities | | | |
| Bank loan | 8 | 1,285 | 2,970 |
| Employees' end of service benefits | | 5,298 | 4,773 |
| Insurance contract liabilities | | 952,612 | 752,670 |
| Amounts held under reinsurance treaties | | 36,872 | 46,506 |
| Reinsurance balances payable | | 169,967 | 142,520 |
| Insurance and other payables | | 153,501 | 118,701 |
| Total liabilities | | 1,319,535 | 1,068,140 |
| TOTAL EQUITY AND LIABILITIES | | 1,835,052 | 1,609,214 |

The condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 4 November 2020.



Buti Obaid Almulla
Chairman



Abdellatif Abuqurah
Chief Executive Officer

The notes from 1 to 15 form part of these condensed consolidated interim financial statements.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Condensed consolidated interim income statement
For the period ended 30 September 2020

| | (Unaudited) Nine months period ended 30 September 2020 AED'000 | (Unaudited) Nine months period ended 30 September 2019 AED'000 | (Unaudited) Three months period ended 30 September 2020 AED'000 | (Unaudited) Three months period ended 30 September 2019 AED'000 |
|---|---|---|--|--|
| UNDERWRITING INCOME | | | | |
| Gross premium | 746,068 | 745,674 | 281,042 | 217,349 |
| Movement in provision for unearned premium | (74,967) | (283,305) | (33,521) | (55,414) |
| Insurance premium revenue | 671,101 | 462,369 | 247,521 | 161,935 |
| Reinsurance share of premium | (646,380) | (634,854) | (249,047) | (196,612) |
| Movement in provision for reinsurance share of unearned premium | 66,766 | 278,913 | 29,518 | 56,221 |
| | (579,614) | (355,941) | (219,529) | (140,391) |
| Net insurance premium revenue | 91,487 | 106,428 | 27,992 | 21,544 |
| Reinsurance commission income | 63,996 | 69,440 | 25,073 | 21,619 |
| Other underwriting income | 115 | 115 | - | - |
| Gross underwriting income | 155,598 | 175,983 | 53,065 | 43,163 |
| UNDERWRITING EXPENSES | | | | |
| Claims incurred | (396,035) | (299,928) | (132,069) | (114,289) |
| Reinsurers' share of claims incurred | 369,525 | 252,124 | 124,155 | 107,873 |
| Net claims incurred | (26,510) | (47,804) | (7,914) | (6,416) |
| Commission expenses | (36,687) | (39,079) | (13,965) | (11,349) |
| General and administration expenses relating to underwriting activities | (30,273) | (23,227) | (8,657) | (6,459) |
| Other expenses | (20,333) | (19,089) | (5,044) | (4,426) |
| Total underwriting expenses | (113,803) | (129,199) | (35,580) | (28,650) |
| NET UNDERWRITING INCOME | 41,795 | 46,784 | 17,485 | 14,513 |
| INVESTMENT INCOME | | | | |
| Realised gain on sale of investments in debt at amortised cost | 292 | 830 | 292 | 81 |
| Fair value (loss)/gain on financial assets at fair value through profit or loss | (168) | (73) | (62) | 39 |
| Other investment income | 17,239 | 16,917 | 1,263 | 1,344 |
| Other investment costs | (67) | (249) | (18) | (62) |
| | 17,296 | 17,425 | 1,475 | 1,402 |
| OTHER INCOME AND EXPENSES | | | | |
| General and administration expenses not allocated | (9,950) | (7,062) | (2,854) | (1,930) |
| Other income | 31 | 243 | 64 | 2 |
| | (9,919) | (6,819) | (2,790) | (1,928) |
| PROFIT FOR THE PERIOD | 49,172 | 57,390 | 16,170 | 13,987 |
| Basic and diluted earnings per share (AED) | 0.492 | 0.574 | 0.162 | 0.140 |

The notes from 1 to 15 form part of these condensed consolidated interim financial statements.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Condensed consolidated interim statement of comprehensive income
For the period ended 30 September 2020

| | (Unaudited) Nine months period ended 30 September 2020 AED'000 | (Unaudited) Nine months period ended 30 September 2019 AED'000 | (Unaudited) Three months period ended 30 September 2020 AED'000 | (Unaudited) Three months period ended 30 September 2019 AED'000 |
|---|---|---|--|--|
| Profit for the period | 49,172 | 57,390 | 16,170 | 13,987 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | | |
| Loss on sale of financial assets at fair value through other comprehensive income (FVTOCI) | (1,590) | - | (1,646) | - |
| Net unrealised (loss)/gain on financial assets at fair value through other comprehensive income | (37,539) | 19,175 | 24,407 | 8,594 |
| Other comprehensive (loss)/income for the period | (39,129) | 19,175 | 22,761 | 8,594 |
| Total comprehensive income for the period | 10,043 | 76,565 | 38,931 | 22,581 |

The notes from 1 to 15 form part of these condensed consolidated interim financial statements.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Condensed consolidated interim statement of changes in equity
For the period ended 30 September 2020

| | Share capital AED'000 | Statutory reserve AED'000 | General reserve AED'000 | Retained earnings AED'000 | Cumulative changes in fair value of investments AED'000 | Total equity AED'000 |
|--|--------------------------|------------------------------|----------------------------|------------------------------|--|-------------------------|
| Balance at 1 January 2020 (Audited) | 100,000 | 50,000 | 20,000 | 181,665 | 189,409 | 541,074 |
| Profit for the period | - | - | - | 49,172 | - | 49,172 |
| Other comprehensive loss | - | - | - | - | (39,129) | (39,129) |
| Total comprehensive income/(loss) for the period | - | - | - | 49,172 | (39,129) | 10,043 |
| Transferred to retained earnings on sale of investment at FVTOCI | - | - | - | (1,590) | 1,590 | - |
| Transfer to general reserve (note 10) | - | - | 30,000 | (30,000) | - | - |
| Cash dividend paid (note 11) | - | - | - | (35,000) | - | (35,000) |
| Directors' fee paid | - | - | - | (600) | - | (600) |
| Balance at 30 September 2020 (Unaudited) | 100,000 | 50,000 | 50,000 | 163,647 | 151,870 | 515,517 |
| Balance at 1 January 2019 (Audited) | 100,000 | 50,000 | 13,000 | 145,372 | 163,068 | 471,440 |
| Profit for the period | - | - | - | 57,390 | - | 57,390 |
| Other comprehensive income | - | - | - | - | 19,175 | 19,175 |
| Total comprehensive income for the period | - | - | - | 57,390 | 19,175 | 76,565 |
| Transfer to general reserve (note 10) | - | - | 7,000 | (7,000) | - | - |
| Cash dividend paid (note 11) | - | - | - | (30,000) | - | (30,000) |
| Balance at 30 September 2019 (Unaudited) | 100,000 | 50,000 | 20,000 | 165,762 | 182,243 | 518,005 |

The notes from 1 to 15 form an integral part of these consolidated interim financial statements.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Condensed consolidated interim statement of cash flows
For the period ended 30 September 2020

| | Notes | (Unaudited) Nine months period ended 30 September 2020 AED'000 | (Unaudited) Nine months period ended 30 September 2019 AED'000 |
|---|-------|---|---|
| OPERATING ACTIVITIES | | | |
| Profit for the period | | 49,172 | 57,390 |
| <i>Adjustments for:</i> | | | |
| Investment income | | (17,439) | (17,129) |
| Change in fair value of investments at FVTPL | | 168 | - |
| Depreciation on property and equipment | | 1,085 | 935 |
| Provision for employees' end of service benefits | | 553 | 994 |
| Gain on sale of investments in debt instruments at amortised cost | | (292) | (830) |
| | | 33,247 | 41,360 |
| <i>Changes in operating assets and liabilities:</i> | | | |
| Reinsurance assets | | (183,524) | (310,507) |
| Insurance receivables | | (22,831) | (14,803) |
| Prepayments and other assets | | (7,220) | 8,519 |
| Insurance contract liabilities | | 199,942 | 304,116 |
| Amounts held under reinsurance treaties | | (9,634) | 7,619 |
| Reinsurance balances payable | | 27,447 | 6,007 |
| Insurance and other payables | | 34,800 | 24,787 |
| Cash generated from operations | | 72,227 | 67,098 |
| Employees' end of service benefits paid | | (28) | (240) |
| Net cash generated from operating activities | | 72,199 | 66,858 |
| INVESTING ACTIVITIES | | | |
| Interest on investments received | | 3,448 | 3,341 |
| Dividend income received | | 13,991 | 13,788 |
| Change in investments held at amortised cost | | 1,574 | 6,500 |
| Purchase of other financial instruments | | (5,579) | (2,188) |
| Purchase of property and equipment | | (1,701) | (996) |
| Purchase of investment property- net of advances | | (7,397) | (1,902) |
| Net cash generated from investing activities | | 4,336 | 18,543 |
| FINANCING ACTIVITIES | | | |
| Dividend paid | 11 | (35,000) | (30,000) |
| Directors' fee paid | | (600) | - |
| Bank loan | | (1,685) | (6,056) |
| Net cash used in financing activities | | (37,285) | (36,056) |
| Net change in cash and cash equivalents | | 39,250 | 49,345 |
| Cash and cash equivalents, beginning of period | | 88,917 | 77,385 |
| Cash and cash equivalents, end of period | 7 | 128,167 | 126,730 |

The notes from 1 to 15 form an integral part of these consolidated interim financial statements.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Notes to the condensed consolidated interim financial statements
For the period ended 30 September 2020

1 Legal status and activities

Dubai Insurance Company (P.S.C.) (the “Company”) is a public shareholding Company registered under the Federal Law No. 8 of 1984 (as amended) and the UAE Federal Law No. (6) of 2007 relating to commercial companies in the UAE. The Federal Law No.2 of 2015, concerning Commercial Companies has come into effect from 28 June 2015, replacing the existing Federal Law No.8 of 1984. The Company mainly issues short term insurance contracts in connection with motor, marine, fire, engineering, general accident and medical risks (collectively known as general insurance) and group life assurance. The Company also invests its funds in investment securities and properties. The registered address of the Company is P.O. Box 3027, Dubai, United Arab Emirates. The Company operates in United Arab Emirates. The shares of the Company are listed on the Dubai Financial Market.

During 2010, the Company established a new subsidiary for investment purposes. These consolidated financial statements incorporate the financial statements of the Company and its subsidiary (collectively referred to as the “Group”).

2 Basis of preparation

The condensed consolidated interim financial statements are for the nine months period ended 30 September 2020 and are presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Group. These condensed interim financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2019. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Basis of consolidation

The Group comprises of the Company and the under-mentioned subsidiary company.

| Subsidiary | Principal activity | Country of incorporation | Ownership |
|-------------------|---------------------------|---------------------------------|------------------|
| Vattaun Limited | Investment | British Virgin Island | 100% |

The condensed consolidated interim financial statements comprise the financial statements of the Group and its subsidiary as at 30 September 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group’s voting rights and potential voting rights

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Notes to the condensed consolidated interim financial statements
For the period ended 30 September 2020

3 Significant accounting policies

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2019, except for adoption of new standards effective as of 1 January 2020. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the condensed consolidated interim financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Critical accounting estimates and judgments in applying accounting policies

The Group makes estimates and assumption that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may substantially be different.

Outstanding claims and technical provisions

The estimation of the ultimate liability (both technical and outstanding) arising from claims made under insurance contracts is the Group's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

Impairment losses on insurance receivables

The Group reviews its insurance receivables on a regular basis to assess whether a provision for impairment should be recorded in the consolidated income statement. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about the probability of default and probable losses in the event of default, the value of the underlying security, and realisation costs.

In addition to specific allowance against individually significant insurance receivables, the Group also makes a collective impairment allowance against insurance receivables which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. The amount of the provision is based on the historical loss pattern for insurance receivables within each grade and is adjusted to reflect current economic changes.

Classification of investment property

The Group makes judgement to determine whether a property qualifies as investment property and follows the guidance of IAS 40 'Investment Property' to consider whether any owner-occupied property is not significant and is classified accordingly as investment property.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as of fair value through profit or loss, at FVOCI or at amortised cost.

Operating lease commitments

The Group has entered into commercial property leases on its investment property. The Group, as a lessor, has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Notes to the condensed consolidated interim financial statements
For the period ended 30 September 2020

3 Significant accounting policies (continued)

Critical accounting estimates and judgments in applying accounting policies (continued)

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same; and
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or other valuation models.

Provision for legal cases

Considerable judgement by management is required in the estimation for legal cases arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

4 Property and equipment

Included in property and equipment is land situated in the Emirate of Dubai, United Arab Emirates with a carrying value of AED 44,173 thousand (2019: AED 44,173 thousand). The Group's Board of Directors has resolved to construct the Group's head office on the land in the foreseeable future.

5 Investment property

Investment properties represent the Group's investments in freehold land and building situated in the Emirate of Dubai, United Arab Emirates. Additions in the investment property pertain to ongoing developments at these properties.

6 Financial instruments

| | Carrying value | | Fair value | |
|--|--|---|--|---|
| | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 |
| <i>Financial instruments</i> | | | | |
| At fair value through profit or loss (note 6.1) | 132,289 | 129,898 | 132,289 | 129,898 |
| At fair value through other comprehensive income (note 6.2) | 313,914 | 352,587 | 313,914 | 352,587 |
| Investments held at amortised cost (note 6.3) | 25,552 | 24,270 | 25,243 | 24,068 |
| | 471,755 | 506,755 | 471,446 | 506,553 |

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Notes to the condensed consolidated interim financial statements
For the period ended 30 September 2020

6 Financial instruments (continued)

6.1 Financial assets at fair values through profit or loss

| | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 |
|---|--|---|
| a) Shares – quoted | 3,712 | 3,880 |
| b) Designated upon initial recognition | | |
| Bank deposits with maturity over nine months - unquoted | 128,577 | 126,018 |
| | <u>132,289</u> | <u>129,898</u> |

The entire shares and bank deposits are within the United Arab Emirates.

6.2 Financial assets at fair value through other comprehensive income (OCI)

| | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 |
|---------------------------------|--|---|
| Shares – quoted (within UAE) | 282,843 | 320,769 |
| Shares – unquoted (outside UAE) | 23,043 | 23,790 |
| Shares – unquoted (within UAE) | 8,028 | 8,028 |
| | <u>313,914</u> | <u>352,587</u> |

The fair value loss amounting to AED 37,539 thousand (2019: gain of AED 19,175 thousand) have been recognised in the consolidated interim statement of comprehensive income.

6.3 Debt instruments at amortised cost

| | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 |
|-------------------------------|--|---|
| Debt securities (within UAE) | 13,847 | 7,789 |
| Debt securities (outside UAE) | 11,705 | 16,481 |
| | <u>25,552</u> | <u>24,270</u> |

Debt securities amounting to AED 11,635 thousand (31 December 2019: AED 24,270 thousand) are pledged against bank loan (note 8). These investments carry interest at an effective rate of 5.01% per annum (31 December 2019: 4.67% per annum). The maturity profile of these debt instruments is shown on next page.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Notes to the condensed consolidated interim financial statements
For the period ended 30 September 2020

6 Financial instruments (continued)

6.3 Debt instruments at amortised cost (continued)

| | 30 September 2020 (Unaudited) | | |
|-------------------------------|-------------------------------|--------------|---------------|
| | Less than 5 | More than 5 | Total |
| | years | years | |
| AED'000 | AED'000 | AED'000 | |
| Debt securities (within UAE) | 6,433 | 7,414 | 13,847 |
| Debt securities (outside UAE) | 9,844 | 1,861 | 11,705 |
| | <u>16,277</u> | <u>9,275</u> | <u>25,552</u> |

| | 31 December 2019 (Audited) | | |
|-------------------------------|----------------------------|--------------|---------------|
| | Less than 5 | More than 5 | Total |
| | years | years | |
| AED'000 | AED'000 | AED'000 | |
| Debt securities (within UAE) | 7,789 | - | 7,789 |
| Debt securities (outside UAE) | 13,445 | 3,036 | 16,481 |
| | <u>21,234</u> | <u>3,036</u> | <u>24,270</u> |

7 Cash and cash equivalents

| | (Unaudited) 30 September 2020 AED'000 | (Unaudited) 30 September 2019 AED'000 | (Audited) 31 December 2019 AED'000 |
|---------------|--|--|---|
| Bank balances | 128,132 | 126,680 | 88,879 |
| Cash on hand | 35 | 50 | 38 |
| | <u>128,167</u> | <u>126,730</u> | <u>88,917</u> |

Above balance represents the cash and cash equivalents in United Arab Emirates, Europe & GCC.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Notes to the condensed consolidated interim financial statements
For the period ended 30 September 2020

8 Bank loan

| | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 |
|---------|--|---|
| Loan I | 1,285 | 2,890 |
| Loan II | - | 80 |
| | <u>1,285</u> | <u>2,970</u> |

Loan I

In 2015, the Group entered into credit facility agreements with an international bank. The loan facilities are secured against investments in debt instruments held at amortised cost amounting to AED 11,635 thousand (31 December 2019: AED 13,021 thousand) (note 6.3) used for the Group's investment operations and carries interest at 1-month USD LIBOR plus 0.5% per annum. The tenure of the loans are directly linked to the maturity period of the debt instruments which are financed by the loan. The debt instruments have maturity periods of 1 to 31 years. The net decrease in carrying amount during the period is due to repayment of loan AED 1,605 thousand by cash and cash equivalent.

Loan II

In 2015, the Group entered into credit facility agreements with a local bank. The loan facilities were secured against investments in debt instruments held at amortised cost amounting to AED 10,189 thousand (31 December 2019: AED 11,249 thousand) used for the Group's investment operations and carries interest at 3-months USD LIBOR plus 0.85% per annum. The tenure of the loans were directly linked to the maturity period of the debt instruments which were financed by the loan. The debt instruments had maturity periods of 1 to 11 years. The net decrease in carrying amount during the period is due to repayment of loan AED 80 thousand by cash and cash equivalents.

9 Share capital

| | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 |
|--|--|---|
| Issued and fully paid 100,000,000 shares of AED 1 each (31 December 2019: 100,000,000 shares of AED 1 each) | <u>100,000</u> | <u>100,000</u> |

10 Reserves

Statutory reserve

In accordance with the UAE Commercial Companies Law and the Group's Article of Association, the Group has resolved not to increase the statutory reserve above an amount equal to 50% of its paid-up share capital. Accordingly, no transfers have been made during the nine months period ended 30 September 2020. The reserve is not available for distribution except in the circumstances stipulated by the law.

General reserve

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors. During the period, based on the recommendation of the Board of Directors and approval of the shareholders at the Annual General Meeting held on 4 March 2020, AED 30,000 thousand (31 December 2019: AED 7,000 thousand) was transferred to the general reserve from retained earnings.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Notes to the condensed consolidated interim financial statements
For the period ended 30 September 2020

11 Dividends

| | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 |
|--|--|---|
| Cash dividend for 2019 of AED 0.35 per share (declared and paid) | 35,000 | - |
| Cash dividend for 2018 of AED 0.30 per share (declared and paid) | - | 30,000 |
| | <u>35,000</u> | <u>30,000</u> |

12 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit for the period, net of directors' fees, by the weighted average number of shares outstanding during the period as follows:

| | (Unaudited) Nine months period ended 30 September 2020 | (Unaudited) Nine months period ended 30 September 2019 | (Unaudited) Three months period ended 30 September 2020 | (Unaudited) Three months period ended 30 September 2019 |
|--|--|--|---|---|
| Profit for the period (AED'000) | 49,172 | 57,390 | 16,170 | 13,987 |
| Weighted average number of shares outstanding during the period ('000) | 100,000 | 100,000 | 100,000 | 100,000 |
| Earnings per share (AED) | <u>0.492</u> | <u>0.574</u> | <u>0.162</u> | <u>0.140</u> |

The Group does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

13 Segmental information

Primary segment information

For management purposes, the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

- The general insurance segment, comprises motor, marine, fire, engineering and general accident.
- The medical and life segment includes group life and medical insurance.
- Investment comprises investment and cash management for the Group's own account.

Transactions between operating segments are conducted at estimated market rates on an arm's length basis. Operating segment information is presented on the following page.

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Notes to the condensed consolidated interim financial statements
For the period ended 30 September 2020

13 Segmental information (continued)

| | General insurance | | Medical and life insurance | | Total | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | (Unaudited) 30 September 2020 | (Unaudited) 30 September 2019 | (Unaudited) 30 September 2020 | (Unaudited) 30 September 2019 | (Unaudited) 30 September 2020 | (Unaudited) 30 September 2019 |
| For the nine months period ended | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| UNDERWRITING INCOME | | | | | | |
| Insurance premium revenue | 458,149 | 279,214 | 212,952 | 183,155 | 671,101 | 462,369 |
| Reinsurers' share of premium | (424,618) | (230,574) | (154,996) | (125,367) | (579,614) | (355,941) |
| Net insurance premium revenue | 33,531 | 48,640 | 57,956 | 57,788 | 91,487 | 106,428 |
| Reinsurance commission income | 63,958 | 69,402 | 38 | 38 | 63,996 | 69,440 |
| Other underwriting income | - | - | 115 | 115 | 115 | 115 |
| | 97,489 | 118,042 | 58,109 | 57,941 | 155,598 | 175,983 |
| UNDERWRITING EXPENSES | | | | | | |
| Claims incurred | (215,119) | (159,142) | (180,916) | (140,786) | (396,035) | (299,928) |
| Reinsurers' share of claims incurred | 198,156 | 121,624 | 171,369 | 130,500 | 369,525 | 252,124 |
| Net claims incurred | (16,963) | (37,518) | (9,547) | (10,286) | (26,510) | (47,804) |
| Commission expenses | (19,380) | (21,526) | (17,307) | (17,553) | (36,687) | (39,079) |
| General and administration expenses relating to underwriting activities | (20,377) | (12,630) | (9,896) | (10,597) | (30,273) | (23,227) |
| Other expenses | (978) | (777) | (19,355) | (18,312) | (20,333) | (19,089) |
| | (57,698) | (72,451) | (56,105) | (56,748) | (113,803) | (129,199) |
| NET UNDERWRITING INCOME | 39,791 | 45,591 | 2,004 | 1,193 | 41,795 | 46,784 |
| TOTAL INVESTMENT INCOME | | | | | | |
| Unallocated general and administrative expenses | | | | | 17,296 | 17,425 |
| PROFIT FOR THE PERIOD | | | | | (9,919) | (6,819) |
| | | | | | 49,172 | 57,390 |

Dubai Insurance Company (P.S.C.)
Condensed consolidated interim financial statements (Unaudited)

Notes to the condensed consolidated interim financial statements
For the period ended 30 September 2020

14 Contingencies and commitments

At 30 September 2020, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 10,216 thousand (31 December 2019: AED 10,309 thousand).

Capital commitments

The Group's short-term lease commitments are payable as follows:

| | (Unaudited) 30 September 2020 AED'000 | (Audited) 31 December 2019 AED'000 |
|------------------|--|---|
| Less than 1 year | 295 | 605 |

15 Seasonality of results

The Group's investment income is dependent on market conditions, its investment activities and declaration of profits by investee companies, which are of a seasonal nature. Further, the Group is continuing to monitor the impact of COVID-19 on its financial performance. To date, there has been no significant impact on the credit risk or instances of default. Accordingly, results for the period ended 30 September 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.