

# **Dubai Insurance Company (P.S.C.)**

Condensed consolidated interim financial statements  
(Unaudited)

For the period ended 30 June 2020

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

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**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 June 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 six month period then ended and explanatory information. 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”.

  
**Grant Thornton**  
**Farouk Mohamed**



**Registration No: 86**  
**Dubai, 4 August 2020**

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

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

		(Unaudited) 30 June 2020 AED'000	(Audited) 31 December 2019 AED'000
	Notes		
<b>ASSETS</b>			
Property and equipment		48,051	47,550
Investment property		40,473	36,507
Financial instruments	6	445,675	506,755
Reinsurance assets		802,212	694,417
Insurance receivables		232,209	202,740
Prepayments and other receivables		25,443	22,328
Statutory deposits		10,000	10,000
Cash and cash equivalents	7	81,099	88,917
<b>TOTAL ASSETS</b>		<b>1,685,162</b>	<b>1,609,214</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	100,000	100,000
Statutory reserve	10	50,000	50,000
General reserve	10	50,000	20,000
Retained earnings		149,123	181,665
Cumulative changes in fair value of investments		127,463	189,409
<b>Total equity</b>		<b>476,586</b>	<b>541,074</b>
<b>Liabilities</b>			
Bank loan	8	1,340	2,970
Employees' end of service benefits		5,140	4,773
Insurance contract liabilities		871,344	752,670
Amounts held under reinsurance treaties		41,543	46,506
Reinsurance balances payable		153,295	142,520
Insurance and other payables		135,914	118,701
<b>Total liabilities</b>		<b>1,208,576</b>	<b>1,068,140</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,685,162</b>	<b>1,609,214</b>

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

	(Unaudited) Six months period ended 30 June 2020 AED'000	(Unaudited) Six months period ended 30 June 2019 AED'000	(Unaudited) Three months period ended 30 June 2020 AED'000	(Unaudited) Three months period ended 30 June 2019 AED'000
<b>UNDERWRITING INCOME</b>				
Gross premium	465,026	528,325	127,048	227,847
Movement in provision for unearned premium	(41,446)	(227,891)	74,537	(70,483)
<b>Insurance premium revenue</b>	<b>423,580</b>	<b>300,434</b>	<b>201,585</b>	<b>157,364</b>
Reinsurance share of premium	(397,333)	(438,242)	(107,318)	(183,964)
Movement in provision for reinsurance share of unearned premium	37,248	222,692	(69,501)	73,266
	<b>(360,085)</b>	<b>(215,550)</b>	<b>(176,819)</b>	<b>(110,698)</b>
<b>Net insurance premium revenue</b>	<b>63,495</b>	<b>84,884</b>	<b>24,766</b>	<b>46,666</b>
Reinsurance commission income	38,923	47,821	11,298	18,583
Other underwriting income	115	115	115	57
<b>Gross underwriting income</b>	<b>102,533</b>	<b>132,820</b>	<b>36,179</b>	<b>65,306</b>
<b>UNDERWRITING EXPENSES</b>				
Claims incurred	(263,966)	(185,639)	(124,590)	(99,605)
Reinsurers' share of claims incurred	245,370	144,251	116,962	73,868
Net claims incurred	(18,596)	(41,388)	(7,628)	(25,737)
Commission expenses	(22,722)	(27,730)	(10,354)	(12,746)
General and administration expenses relating to underwriting activities	(21,616)	(16,768)	(9,629)	(7,258)
Other expenses	(15,289)	(14,663)	(3,762)	(5,273)
<b>Total underwriting expenses</b>	<b>(78,223)</b>	<b>(100,549)</b>	<b>(31,373)</b>	<b>(51,014)</b>
<b>NET UNDERWRITING INCOME</b>	<b>24,310</b>	<b>32,271</b>	<b>4,806</b>	<b>14,292</b>
<b>INVESTMENT INCOME</b>				
Realised gain on sale of investments	-	749	-	761
Fair value (loss)/gain on financial assets at fair value through profit or loss	(106)	(112)	135	(16)
Other investment income	15,976	15,573	9,221	6,093
Other investment costs	(49)	(187)	(20)	(81)
	<b>15,821</b>	<b>16,023</b>	<b>9,336</b>	<b>6,757</b>
<b>OTHER INCOME AND EXPENSES</b>				
General and administration expenses not allocated	(7,096)	(5,132)	(3,184)	(2,108)
Other (expenses)/income	(33)	241	(105)	52
	<b>(7,129)</b>	<b>(4,891)</b>	<b>(3,289)</b>	<b>(2,056)</b>
<b>PROFIT FOR THE PERIOD</b>	<b>33,002</b>	<b>43,403</b>	<b>10,853</b>	<b>18,993</b>
Basic and diluted earnings per share (AED) (note 12)	<b>0.330</b>	<b>0.434</b>	<b>0.109</b>	<b>0.190</b>

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 June 2020**

	<b>(Unaudited)</b> <b>Six months</b> <b>period ended</b> <b>30 June 2020</b> <b>AED'000</b>	(Unaudited) Six months period ended 30 June 2019 AED'000	<b>(Unaudited)</b> <b>Three months</b> <b>period ended</b> <b>30 June 2020</b> <b>AED'000</b>	(Unaudited) Three months period ended 30 June 2019 AED'000
Profit for the period	33,002	43,403	10,853	18,993
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain on sale of financial assets at fair value through other comprehensive income (FVTOCI)	56	-	56	-
Net unrealised (loss)/gain on financial assets at FVTOCI	<b>(61,946)</b>	10,581	<b>21,670</b>	6,530
<b>Other comprehensive (loss)/income for the period</b>	<b>(61,890)</b>	10,581	<b>21,726</b>	6,530
<b>Total comprehensive (loss)/income for the period</b>	<b>(28,888)</b>	53,984	<b>32,579</b>	25,523

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 June 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
<b>Balance at 1 January 2020 (Audited)</b>	100,000	50,000	20,000	181,665	189,409	541,074
Profit for the period	-	-	-	33,002	-	33,002
Other comprehensive loss	-	-	-	-	(61,890)	(61,890)
Total comprehensive loss for the period	-	-	-	33,002	(61,890)	(28,888)
Transferred to retained earnings on sale of investment at FVTOCI	-	-	-	56	(56)	-
Transfer to general reserve (note 10)	-	-	30,000	(30,000)	-	-
Cash dividend paid (note 11)	-	-	-	(35,000)	-	(35,000)
Directors' fee paid	-	-	-	(600)	-	(600)
<b>Balance at 30 June 2020 (Unaudited)</b>	<b>100,000</b>	<b>50,000</b>	<b>50,000</b>	<b>149,123</b>	<b>127,463</b>	<b>476,586</b>
<b>Balance at 1 January 2019 (Audited)</b>	100,000	50,000	13,000	159,978	163,068	486,046
Profit for the period	-	-	-	43,403	-	43,403
Other comprehensive income	-	-	-	-	10,581	10,581
Total comprehensive income for the period	-	-	-	43,403	10,581	53,984
Transfer to general reserve (note 10)	-	-	7,000	(7,000)	-	-
Cash dividend paid (note 11)	-	-	-	(30,000)	-	(30,000)
<b>Balance at 30 June 2019 (Unaudited)</b>	<b>100,000</b>	<b>50,000</b>	<b>20,000</b>	<b>166,381</b>	<b>173,649</b>	<b>510,030</b>

The notes from 1 to 15 form an integral 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 cash flows**  
**For the period ended 30 June 2020**

	(Unaudited) Six months period ended 30 June 2020 AED'000	(Unaudited) Six months period ended 30 June 2019 AED'000
<b>Notes</b>		
<b>OPERATING ACTIVITIES</b>		
Profit for the period	33,002	43,403
<i>Adjustments for:</i>		
Depreciation on property and equipment	704	595
Provision for employees' end of service benefits	384	830
Investment income	(15,976)	(15,573)
Change in fair value of investments at FVTPL	106	-
Gain on sale of investments in debt instruments at amortised cost	-	(749)
	18,220	28,506
<i>Changes in operating assets and liabilities:</i>		
Reinsurance assets	(107,795)	(222,663)
Insurance receivables	(29,469)	(8,054)
Prepayments and other assets	(3,115)	8,394
Insurance contract liabilities	118,674	218,770
Amounts held under reinsurance treaties	(4,963)	9,887
Reinsurance balances payable	10,775	19,440
Insurance and other payables	17,213	12,939
Cash generated from operations	19,540	67,219
Employees' end of service benefits paid	(17)	(234)
Net cash generated from operating activities	19,523	66,985
<b>INVESTING ACTIVITIES</b>		
Interest on investments received	2,293	2,143
Dividend income received	13,732	13,546
Net expenses on investment property	(50)	(116)
Net proceeds from / (purchase of) investments in debt instruments at amortised cost	1,433	(3,304)
Proceeds from sales of investment at FVTOCI	888	-
(Purchase of)/proceeds from other financial instruments	(918)	4,149
Investment in bank deposits at FVTPL	(2,318)	-
Purchase of property and equipment	(1,205)	(634)
Purchase of investment property - net of advances	(3,966)	(1,875)
Net cash generated from investing activities	9,889	13,909
<b>FINANCING ACTIVITIES</b>		
Dividend paid	11 (35,000)	(30,000)
Directors' fee paid	(600)	-
Repayment of bank loan	(1,630)	(4,615)
Net cash used in financing activities	(37,230)	(34,615)
<b>Net change in cash and cash equivalents</b>	<b>(7,818)</b>	<b>46,279</b>
Cash and cash equivalents, beginning of period	88,917	77,385
<b>Cash and cash equivalents, end of period</b>	<b>81,099</b>	<b>123,664</b>

The notes from 1 to 15 form an integral part of these condensed 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 June 2020**

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**1 Legal status and activities**

Dubai Insurance Company (PSC) (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 six months period ended 30 June 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.

<b>Subsidiary</b>	<b>Principal activity</b>	<b>Country of incorporation</b>	<b>Ownership</b>
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 June 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 June 2020**

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**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 Company 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 Company'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 Company 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 June 2020**

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**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 Company'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 June 2020 AED'000	(Audited) 31 December 2019 AED'000	(Unaudited) 30 June 2020 AED'000	(Audited) 31 December 2019 AED'000
<i>Financial instruments</i>				
At fair value through profit or loss (note 6.1)	132,110	129,898	132,110	129,898
At fair value through other comprehensive income (note 6.2)	290,728	352,587	290,728	352,587
Investments held at amortised cost (note 6.3)	22,837	24,270	21,186	24,068
	<b>445,675</b>	<b>506,755</b>	<b>444,024</b>	<b>506,553</b>

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 June 2020

**6 Financial instruments (continued)**

**6.1 Financial assets at fair values through profit or loss**

	(Unaudited) 30 June 2020 AED'000	(Audited) 31 December 2019 AED'000
a) Shares – quoted	3,775	3,880
b) Designated upon initial recognition		
Bank deposits with maturity over six months - unquoted	128,335	126,018
	<u>132,110</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 June 2020 AED'000	(Audited) 31 December 2019 AED'000
Shares – quoted (within UAE)	258,563	320,769
Shares – unquoted (outside UAE)	24,137	23,790
Shares – unquoted (within UAE)	8,028	8,028
	<u>290,728</u>	<u>352,587</u>

The fair value loss amounting to AED 61,946 thousand (2019: gain of AED 10,581 thousand) have been recognised in the consolidated interim statement of comprehensive income.

**6.3 Debt instruments at amortised cost**

	(Unaudited) 30 June 2020 AED'000	(Audited) 31 December 2019 AED'000
Debt securities (within UAE)	7,806	7,789
Debt securities (outside UAE)	15,031	16,481
	<u>22,837</u>	<u>24,270</u>

Debt securities amounting to AED 22,837 thousand (31 December 2019: AED 24,270 thousand) are pledged against bank loan (note 8). These investments carry interest at an effective rate of 2.83% 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 June 2020

**6 Financial instruments (continued)**

**6.3 Debt instruments at amortised cost (continued)**

	30 June 2020 (Unaudited)		
	Less than 5	More than 5	Total
	years	years	
AED'000	AED'000	AED'000	
Debt securities (within UAE)	7,806	-	7,806
Debt securities (outside UAE)	12,028	3,003	15,031
	<u>19,834</u>	<u>3,003</u>	<u>22,837</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 June 2020 AED'000	(Unaudited) 30 June 2019 AED'000	(Audited) 31 December 2019 AED'000
Bank balances	81,047	123,581	88,879
Cash on hand	52	83	38
	<u>81,099</u>	<u>123,664</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 June 2020

**8 Bank loan**

	(Unaudited) 30 June 2020 AED'000	(Audited) 31 December 2019 AED'000
Loan I	1,340	2,890
Loan II	-	80
	1,340	2,970

*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 11,650 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 1,550 thousand by cash and cash equivalent.

*Loan II*

In 2015, the Group entered into credit facility agreements with a local bank. The loan facilities are secured against investments in debt instruments held at amortised cost amounting to AED 11,187 thousand (31 December 2019: AED 11,249 thousand) (note 6.3) 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 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 11 years. The net decrease in carrying amount during the year is due to repayment of loan AED 80 thousand by cash and cash equivalents.

**9 Share capital**

	(Unaudited) 30 June 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)	100,000	100,000

**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 six months period ended 30 June 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 June 2020**

**11 Dividends**

	(Unaudited) 30 June 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) Six months period ended 30 June 2020	(Unaudited) Six months period ended 30 June 2019	(Unaudited) Three months period ended 30 June 2020	(Unaudited) Three months period ended 30 June 2019
Profit for the period (AED'000)	33,002	43,403	10,853	18,993
Weighted average number of shares outstanding during the period ('000)	100,000	100,000	100,000	100,000
Earnings per share (AED)	<u>0.330</u>	<u>0.434</u>	<u>0.109</u>	<u>0.190</u>

The Company 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 June 2020

**13 Segmental information (continued)**

	General insurance		Medical and life assurance		Total	
	(Unaudited) 30 June 2020 AED'000	(Unaudited) 30 June 2019 AED'000	(Unaudited) 30 June 2020 AED'000	(Unaudited) 30 June 2019 AED'000	(Unaudited) 30 June 2020 AED'000	(Unaudited) 30 June 2019 AED'000
<b>For the six months period ended</b>						
<b>UNDERWRITING INCOME</b>						
Insurance premium revenue	279,815	172,404	143,765	128,030	423,580	300,434
Reinsurers' share of premium	(257,455)	(133,801)	(102,630)	(81,749)	(360,085)	(215,550)
Net insurance premium revenue	22,360	38,603	41,135	46,281	63,495	84,884
Reinsurance commission income	38,903	47,800	20	21	38,923	47,821
Other underwriting income	-	-	115	115	115	115
	<b>61,263</b>	<b>86,403</b>	<b>41,270</b>	<b>46,417</b>	<b>102,533</b>	<b>132,820</b>
<b>UNDERWRITING EXPENSES</b>						
Claims incurred	(130,324)	(89,066)	(133,642)	(96,573)	(263,966)	(185,639)
Reinsurers' share of claims incurred	118,406	58,051	126,964	86,200	245,370	144,251
Net claims incurred	(11,918)	(31,015)	(6,678)	(10,373)	(18,596)	(41,388)
Commission expenses	(11,912)	(13,931)	(10,810)	(13,799)	(22,722)	(27,730)
General and administration expenses relating to underwriting activities	(13,083)	(8,877)	(8,533)	(7,891)	(21,616)	(16,768)
Other expenses	(788)	(263)	(14,501)	(14,400)	(15,289)	(14,663)
	<b>(37,701)</b>	<b>(54,086)</b>	<b>(40,522)</b>	<b>(46,463)</b>	<b>(78,223)</b>	<b>(100,549)</b>
<b>NET UNDERWRITING INCOME/(LOSS)</b>	<b>23,562</b>	<b>32,317</b>	<b>748</b>	<b>(46)</b>	<b>24,310</b>	<b>32,271</b>
<b>TOTAL INVESTMENT INCOME</b>					<b>15,821</b>	<b>16,023</b>
Unallocated general and administrative expenses					<b>(7,129)</b>	<b>(4,891)</b>
<b>PROFIT FOR THE PERIOD</b>					<b>33,002</b>	<b>43,403</b>

**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 June 2020**

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**14 Contingencies and commitments**

At 30 June 2020, the Company 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)	(Audited)
	30 June	31 December
	2020	2019
	AED'000	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 Company 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 June 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.