

AXA Green Crescent Insurance P.J.S.C.

Condensed interim financial information

30 June 2020

Principal business address:

AXA Green Crescent Insurance P.J.S.C.
P O Box: 63323
Abu Dhabi
UAE

AXA Green Crescent Insurance P.J.S.C.

Condensed interim financial information

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AXA Green Crescent Insurance Company P.J.S.C

Report of the Board of Directors For the period ended 30 June 2020

The Board of Directors are pleased to submit the report of the Company's activities accompanied by the financial statements for the period ended 30 June 2020.

The Company registered a net profit of AED 0.5 million for the period ended 30 June 2020, compared to a net profit of AED 0.3 million for the corresponding period of last year.

Total gross written premium amounted to AED 31.7 million for the period ended 30 June 2020 compared to AED 32.7 million for the same period last year, representing stability and retention of clients and securing new business with a slight decrease of 3% from last period ended June 2019.

During the period, the Company has maintained volumes of life insurance, despite tough competition in the market. The Company continued to write Credit Life business through inward reinsurance agreements amounting to AED 2.7 million at the end of the period as compared to AED 4.4m in the same period last year.

For the period ended 30 June 2020, the Company incurred a net underwriting income of AED 5.2 million, as compared to a total net underwriting income of AED 3.3 million in the same period last year representing a favourable increase of AED 1.9 million.

For the period ended 30 June 2020, the Company achieved investment income of AED 1.3 m, as compared to a net income of AED 3.5 million in the same period last year representing a decrease of AED 2.2 m which is predominantly attributable to losses in equity stocks due to adverse financial markets globally and locally.

The Company has been strengthening and expanding its capabilities to support the focus on the largely untapped life insurance market. The total operating costs decreased by 6% with controlled expenditures on administration and related costs.

Transaction with related Parties

This condensed interim financial information includes related party transactions and balances which are disclosed in the notes and are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

2020 Outlook

The COVID-19 Pandemic has affected many sectors including the insurance industry in many ways. In addition to customers and operational considerations, volatile market has impacted the global economy, stock markets have declined in value bonds yields are low. This may impact company's statement of financial position and capital ratios significantly. In light of UAE macro-economic context and particularly its impact on the insurance market dynamics, the Company will adapt the scope and timing of its strategic focus on sustainability and profitability.

Mohamed Seghir
Chief Executive Officer



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Independent Auditors' Report on Review of Condensed Interim Financial Information

To the Shareholders of AXA Green Crescent Insurance P.J.S.C.

Introduction

We have reviewed the accompanying 30 June 2020 condensed interim financial information of AXA Green Crescent Insurance P.J.S.C. (the "Company"), which comprises:

- the condensed interim statement of financial position as at 30 June 2020;
- the condensed interim statement of profit or loss for the three-month and six-month periods ended 30 June 2020;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2020;
- the condensed interim statement of changes in shareholders' equity for the six-month period ended 30 June 2020;
- the condensed interim statement of cash flows for the six-month period ended 30 June 2020; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on this condensed interim financial information 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 condensed 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.



AXA Green Crescent Insurance P.J.S.C.
*Independent Auditors' Report on
Review of Condensed Interim Financial Information
30 June 2020*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2020 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

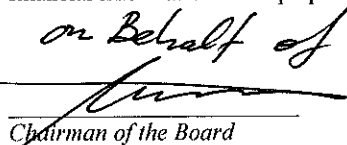
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Registration No: 1131
Abu Dhabi, United Arab Emirates
Date: **09 AUG 2020**

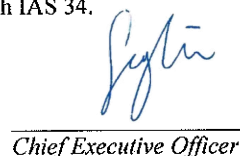
AXA Green Crescent Insurance P.J.S.C.

Condensed interim statement of financial position as at

		(Unaudited) 30 June 2020 AED'000	(Audited) 31 December 2019 AED'000
	Note		
Assets			
Property and equipment		560	736
Intangible assets		99	139
Financial assets at fair value through other comprehensive income	4	63,049	64,004
Financial assets at fair value through profit or loss	5	7,737	8,531
Reinsurers' share of unearned premiums reserve	10	5,258	1,420
Reinsurers' share of outstanding claims reserve	10	1,090	1,354
Reinsurers' share of claims incurred but not reported reserve	10	1,963	2,107
Deferred acquisition costs		2,400	967
Premiums and insurance receivables	6	8,593	5,952
Due from related parties	7	3,753	10,552
Other receivables and prepayments		3,903	3,312
Statutory deposits	8,9	4,000	4,000
Time deposits	9	68,598	68,943
Demand deposits and cash	9	20,652	7,546
Total assets		191,655	179,563
Equity and liabilities			
Equity			
Share capital		200,000	200,000
Legal reserve		20	20
Other reserve		1,372	1,372
Accumulated losses		(80,456)	(80,973)
Fair value reserve		(409)	200
Net equity		120,527	120,619
Liabilities			
Technical provisions			
Unearned premiums reserve	10	17,289	7,592
Gross outstanding claims reserve	10	7,619	7,781
Claims incurred but not reported reserve	10	4,764	7,620
Unexpired risk reserve	10	3,477	2,000
Mathematical reserve	10	19,614	17,296
Unallocated loss adjustment expense reserve	10	677	168
Total technical provisions	10	53,440	42,457
Provision for employees' end of service benefits		837	559
Unearned reinsurance commission		371	189
Due to a related party	15	1,329	2,118
Insurance payables and other accruals	11	15,151	13,621
Total liabilities		71,128	58,944
Total equity and liabilities		191,655	179,563

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

on Behalf of

Chairman of the Board


Chief Executive Officer

The accompanying notes 1 to 21 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 2 and 3.

AXA Green Crescent Insurance P.J.S.C.

Condensed interim statement of profit or loss for the period ended 30 June (Unaudited)

		Three-month period ended 2020 AED'000	Three-month period ended 2019 AED'000	Six-month period ended 2020 AED'000	Six-month period ended 2019 AED'000
	Note				
Gross premiums written	18	5,957	11,508	31,671	32,673
Reinsurers' share of gross premiums	18	(2,044)	(3,322)	(10,577)	(8,369)
Net premiums		3,913	8,186	21,094	24,304
Net change in unearned premiums reserve including URR		3,877	657	(7,336)	(8,418)
Net premiums earned	18	7,790	8,843	13,758	15,886
Reinsurance commission earned		283	432	525	573
Acquisition costs of insurance contracts		(1,131)	(1,014)	(2,402)	(2,103)
Net commission incurred		(848)	(582)	(1,877)	(1,530)
Gross claims paid	18	(3,694)	(9,314)	(13,230)	(14,705)
Reinsurers' share of gross claims paid	18	1,366	3,036	6,947	4,257
Net claims paid		(2,328)	(6,278)	(6,283)	(10,448)
Change in outstanding claims reserve	18	(1,439)	2,717	162	(1,701)
Change in reinsurers' share of outstanding claims reserve	18	(224)	(451)	(264)	109
Change in incurred but not reported claims reserve	18	1,355	504	2,856	1,551
Change in reinsurers' share of incurred but not reported claims reserve	18	(1,127)	557	(144)	261
Change in unallocated loss adjustment expense reserve	18	74	94	(509)	105
Change in mathematical reserve	18	(458)	(2,344)	(2,318)	(698)
Net claims incurred	18	(4,147)	(5,201)	(6,500)	(10,821)
Claims administration fees		(9)	(20)	(129)	(215)
Total claims and insurance related expenses		(4,156)	(5,221)	(6,629)	(11,036)
Net underwriting income		2,786	3,040	5,252	3,320
Investments income – net	12	1,381	1,467	2,512	3,262
Net change in fair value of financial assets at FVTPL		272	-	(1,171)	195
(Charge) / reversal of expected credit losses of financial assets at FVOCI		(4)	(347)	(4)	3
Other income		4	-	4	-
General and administrative expenses	13	4,439	4,160	6,593	6,780
Reversal of allowance for expected credit losses of premiums and insurance receivables		(2,874)	(3,354)	(6,285)	(6,990)
		368	224	209	584
Profit for the period		1,933	1,030	517	374
Earnings per share for the period - basic and diluted (AED)	14	0.010	0.005	0.003	0.002

The accompanying notes 1 to 21 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 2 and 3.

AXA Green Crescent Insurance P.J.S.C.

Condensed interim statement of profit or loss and other comprehensive income for the period ended 30 June (Unaudited)

	Three-month period ended 2020 AED'000	Three-month period ended 2019 AED'000	Six-month period ended 2020 AED'000	Six-month period ended 2019 AED'000
Profit for the period	1,933	1,030	517	374
<i>Other comprehensive income</i>				
<i>Items that will not be reclassified subsequently to statement of profit or loss:</i>				
Equity investments at FVOCI – net change in fair value	(61)	72	(284)	107
<i>Items that are or may be reclassified subsequently to statement of profit or loss:</i>				
Debt investments at FVOCI – net change in fair value	3,009	(314)	(325)	283
Other comprehensive income / (loss) for the period	2,948	(242)	(609)	390
Total comprehensive income / (loss) for the period	4,881	788	(92)	764

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AXA Green Crescent Insurance P.J.S.C.

Condensed interim statement of changes in shareholders' equity for the period ended 30 June

	<i>Share capital AED'000</i>	<i>Legal reserve AED'000</i>	<i>Other reserve AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Fair value reserve AED'000</i>	<i>Total AED'000</i>
At 1 January 2019 (<i>Audited</i>)	200,000	4	1,372	(81,119)	(2,196)	118,061
<i>Total comprehensive income:</i>						
Profit for the period	-	-	-	374	-	374
Other comprehensive income for the period	-	-	-	-	390	390
Total comprehensive income for the period	-	-	-	374	390	764
At 30 June 2019 (<i>Unaudited</i>)	<u>200,000</u>	<u>4</u>	<u>1,372</u>	<u>(80,745)</u>	<u>(1,806)</u>	<u>118,825</u>
 At 1 January 2020 (<i>Audited</i>)	200,000	20	1,372	(80,973)	200	120,619
<i>Total comprehensive income:</i>						
Profit for the period	-	-	-	517	-	517
Other comprehensive loss for the period	-	-	-	-	(609)	(609)
Total comprehensive income / (loss) for the period	-	-	-	517	(609)	(92)
At 30 June 2020 (<i>Unaudited</i>)	<u>200,000</u>	<u>20</u>	<u>1,372</u>	<u>(80,456)</u>	<u>(409)</u>	<u>120,527</u>

The accompanying notes 1 to 21 form an integral part of this condensed interim financial information.

AXA Green Crescent Insurance P.J.S.C.

Condensed interim statement of cash flows for the period ended 30 June (Unaudited)

		(Unaudited) 2020 AED'000	(Unaudited) 2019 AED'000
	Note		
Cash flows from operating activities			
Profit for the period		517	374
<i>Adjustments for:</i>			
Depreciation	13	184	243
Amortisation	13	40	215
Amortisation of bonds	12	57	188
Fair value loss / (gain) on financial assets at fair value through profit or loss		1,171	(195)
Reversal of allowance for expected credit losses of premiums and insurance receivables	6	(209)	(585)
Loss on sale of investments	12	8	6
Charge / (reversal) of allowance for expected credit losses of financial assets at fair value through OCI		4	(3)
Provision for employees' end of service benefits		117	131
Interest income		(2,253)	(2,633)
Dividend income	12	(324)	(821)
		(688)	(3,080)
<i>Changes in:</i>			
Deferred acquisition costs		(1,433)	(1,429)
Premiums, other insurance receivable and prepayments		(2,768)	(1,995)
Due from related parties		6,799	(4,176)
Insurance contract liabilities		10,983	12,352
Reinsurance contract assets		(3,430)	(3,561)
Unearned reinsurance commission		182	207
Due to a related party		(572)	(395)
Insurance payables and other accruals		1,530	1,962
Cash generated from / (used in) operating activities		10,603	(115)
Employees' end of service benefits paid		(56)	(78)
Net cash flow generated from / (used in) operations		10,547	(193)

(continued)

AXA Green Crescent Insurance P.J.S.C.

Statement of cash flows (*continued*)

for the period ended 30 June (Unaudited)

		(Unaudited) 2020 AED'000	(Unaudited) 2019 AED'000
	Note		
Cash flows from investing activities			
Additions to property and equipment		(8)	(1,064)
Proceeds from maturity of time deposits		39,568	13,511
Purchase of financial assets at fair value through OCI		(23)	(18,538)
Proceeds from sale of financial assets at fair value through OCI		300	20,513
Purchase of financial assets at fair value through profit or loss		(377)	(1,901)
Proceeds from sale of financial assets at FVTPL		-	1,062
Dividends received		324	821
Interest received		1,998	2,532
Net cash generated from investing activities		41,782	16,936
Net increase in cash and cash equivalents		52,329	16,743
Cash and cash equivalents at 1 January		16,546	14,288
Cash and cash equivalents at 30 June	9	68,875	31,031
Non-cash transactions			

The principal non-cash transactions were as follows:

- (i) Fair value loss on financial assets at fair value through OCI credited to fair value reserve of AED 609 thousand (30 June 2019: AED 390 thousand).
- (ii) Transfer of employee's end of service benefits of AED 217 thousand (30 June 2019: Nil) from a related party (note 15).

The accompanying notes 1 to 21 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 2 and 3.

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

1 (a) Legal status and activities

AXA Green Crescent Insurance PJSC (the "Company") is a public joint stock company, registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is engaged in providing health and life insurance solutions in accordance with the UAE Federal law No. (6) of 2007, as amended, relating to insurance companies and insurance agents and is registered with the Insurance Companies Register of Insurance Authority of U.A.E. under registration no. (83). The Company was incorporated on 26 July 2008. The registered office of the Company is P.O. Box 63323, Abu Dhabi, United Arab Emirates.

1 (b) Going concern

The Company incurred a net profit amounting to AED 517 thousand for the six-month period ended 30 June 2020 (*30 June 2019: AED 374 thousand*), and as at 30 June 2020, the Company had accumulated losses of AED 80,456 thousand (*31 December 2019: AED 80,973 thousand*). The validity of going concern assumptions is dependent upon future operations and the ability of the Company to generate sufficient cash flows to meet its future obligations. The Company has sufficient cash balances as at 30 June 2020 and future plans indicate that the Company will be profitable and will generate sufficient cash flows. The Company's directors are, therefore, confident that the Company will be able to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. Accordingly, this condensed interim financial information has been prepared on a going concern basis.

1 (c) Accumulated losses

As at 30 June 2020, the Company's accumulated losses amounted to AED 80,456 thousand (*31 December 2019: AED 80,973 thousand*) which represents 40.23% of the share capital of the Company (*31 December 2019: 40.48%*). The history of these accumulated losses is analysed below:

- Carried-forward accumulated losses as at 31 December 2014 related to Green Crescent Insurance Company amounting to AED 28,438 thousand, which is prior to the formation of AXA Green Crescent Insurance P.J.S.C. in 2015;
- Net loss of AED 15,444 thousand incurred during the year ended 31 December 2015, was mainly attributable to a large expense base amounting to AED 20,852 thousand, offset by underwriting surplus and investments income of AED 4,632 thousand and AED 776 thousand respectively. Furthermore, accumulated losses were adjusted with an amount of AED 68 thousand as charges incurred on conversion of bonds into share capital of the Company;
- Net loss of AED 13,910 thousand incurred during the year ended 31 December 2016, was mainly attributable to the large expense base amounting to AED 21,220 thousand, offset by underwriting surplus and investment income of AED 3,613 thousand and AED 3,697 thousand respectively;
- Net loss of AED 18,904 thousand incurred during the year ended 31 December 2017, was mainly attributable to losses on termination of life and savings contract amounting to AED 15,352 thousand;
- Net loss of AED 2,205 thousand incurred during the year ended 31 December 2018, was mainly attributable to the large expense base amounting to AED 15,434 thousand, offset by underwriting surplus and investment income of AED 7,857 thousand and of AED 5,372 thousand respectively.

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

1 (c) Accumulated losses (*continued*)

- Furthermore, the balance of the accumulated losses for the year ended 31 December 2018 was re-stated with a downward adjustment amounting to AED 2,150 thousand related to the adoption of IFRS 9 “Financial Instruments”;
- Net profit of AED 162 thousand for the year ended 31 December 2019, was mainly attributable to prudent underwriting measures taken during the year;
- Net profit of AED 517 thousand for the six-month period ended 30 June 2020 is predominantly attributable to favorable results in gross claims and better net loss ratios which resulted in this profit.

The Company has taken the following corrective actions to reduce its accumulated losses:

- The Company appointed a new Chief Executive Officer during 2018 and thereafter entirely reviewed its strategic direction;
- Steps have been taken to control and reduce general and administrative expenses, which are significantly lower than the previous periods and lower than the budgeted expenses;
- Various pricing and monitoring tools and checks have been deployed by the management, by virtue of which, the business is closely monitored on a monthly basis, with corrective actions taken immediately, if required;
- Change in the team structure with technical resources and creation of a strategy manager position to generate more revenues;
- New underwriting approach has been applied by management to improve the quality of underwritten business;
- Accelerated growth on group life;
- Recently, the Company has launched an individual protection product, with good potential to grow; and
- Management of the Company will continue exploring other lines of business to diversify sources of revenues and to improve the Company’s cross-selling activities.

2 Basis of preparation

(a) *Statement of compliance*

This condensed interim financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*”. Accordingly, this condensed interim financial information do not include all of the information required for a complete set of financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The results for the six-month period ended 30 June 2020 are not necessarily indicative of the results for the year ending 31 December 2020.

(b) *Basis of measurement*

This condensed interim financial information has been prepared under the historical cost convention except for revaluation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

(c) *Functional and reporting currency*

This condensed interim financial information are presented in United Arab Emirates Dirhams (“AED”), which is the Company’s functional currency. Except as indicated, financial information presented in AED has been rounded to the nearest thousand.

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

2 Basis of preparation *(continued)*

(d) Use of estimates and judgement

In preparing this condensed interim financial information, management has made judgements and estimates 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2019.

3 Significant accounting policies

The accounting policies applied in the condensed interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2019.

4 Financial assets at fair value through other comprehensive income

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<i>Quoted bonds:</i>		
UAE-based corporate	16,055	16,259
UAE-based semi-government	7,614	7,565
UAE-based government	11,205	7,181
	<hr/> 34,874 <hr/>	<hr/> 31,005 <hr/>
<i>Quoted sukuk:</i>		
UAE-based corporate	7,598	7,574
UAE-based government	18,191	22,779
	<hr/> 25,789 <hr/>	<hr/> 30,353 <hr/>
<i>Quoted equity instruments:</i>		
UAE-based quoted equities	356	432
<i>Non-UAE private debt fund</i>	2,030	2,214
	<hr/> 63,049 <hr/>	<hr/> 64,004 <hr/>

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

5 Financial assets at fair value through profit or loss

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
UAE-based quoted equities	4,063	3,763
UAE-based quoted corporate debt instruments	3,674	4,768
	<u>7,737</u>	<u>8,531</u>

6 Premiums and insurance receivables

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<i>Inside UAE</i>		
Due from policyholders	10,203	6,260
<i>Outside UAE</i>		
Due from reinsurance companies	-	1,511
	<u>10,203</u>	<u>7,771</u>
<i>Less: allowance for expected credit losses of premiums and insurance receivables</i>	<u>(1,610)</u>	<u>(1,819)</u>
	<u><u>8,593</u></u>	<u><u>5,952</u></u>

Movement in the allowance for expected credit losses of premiums and insurance receivables is as follows:

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
At beginning of the period / year	1,819	2,401
Reversal during the period / year	(209)	(582)
At end of the period / year	<u>1,610</u>	<u>1,819</u>

7 Due from related parties

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<i>Outside UAE</i>		
Due from insurance companies	3,753	9,275
Due from reinsurance companies	-	1,277
	<u>3,753</u>	<u>10,552</u>

These balances represent amounts due from insurance and reinsurance companies pertaining to premiums and insurance receivables.

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Notes to the condensed interim financial information

8 Statutory deposits

In accordance with the requirements of Federal Law No. (6) of 2007, concerning Insurance Companies and Agencies, the Company maintains bank deposits of AED 4,000 thousand (*31 December 2019: AED 4,000 thousand*), as a guarantee against its Insurance of Persons and Fund Accumulation Operations License (medical and life). These deposits cannot be utilised without the consent of Insurance Authority.

The statutory deposits are held with local commercial banks and carry interest at the rate of 0.25% to 1.70% per annum (*31 December 2019: 2.20% to 2.84% per annum*).

9 Cash and cash equivalents

For the purpose of condensed interim statement of cash flows, cash and cash equivalents comprise the following:

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Statutory deposits (<i>note 8</i>)	4,000	4,000
Time deposits	68,598	68,943
Demand deposits and cash	20,652	7,546
	<hr/>	<hr/>
Bank balances and cash	93,250	80,489
<i>Less: statutory deposits</i>	(4,000)	(4,000)
<i>Less: time deposits with original maturities of three months or more</i>	(20,375)	(59,943)
	<hr/>	<hr/>
Cash and cash equivalents	68,875	16,546
	<hr/> <hr/>	<hr/> <hr/>

At 30 June 2020, time and bank deposits carry an effective interest rate of 0.25% to 3.10% per annum (*31 December 2019: 2.10% to 3.10% per annum*). All bank balances and deposits are held with banks in the United Arab Emirates.

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

10 Insurance contract liabilities and reinsurance assets

Insurance contract liabilities and reinsurance contract assets by line of business as at 30 June 2020 and 31 December 2019 are presented below:

	<i>2020 (Unaudited)</i>			<i>2019 (Audited)</i>		
	<i>Medical AED'000</i>	<i>Life AED'000</i>	<i>Total AED'000</i>	<i>Medical AED'000</i>	<i>Life AED'000</i>	<i>Total AED'000</i>
<i>Liabilities arising from insurance contracts:</i>						
Gross unearned premiums reserves ("UPR")	790	16,499	17,289	790	6,802	7,592
Gross claims outstanding reserve ("OCLR")	295	7,324	7,619	562	7,219	7,781
Claims incurred but not reported reserve ("IBNR")	235	4,529	4,764	180	7,440	7,620
Unexpired risk reserve ("URR")	57	3,420	3,477	50	1,950	2,000
Mathematical reserve ("LMR")	-	19,614	19,614	-	17,296	17,296
Unallocated loss adjustment expense reserve ("ULAE")	36	641	677	22	146	168
	1,413	52,027	53,440	1,604	40,853	42,457
<i>Reinsurance contract assets:</i>						
Reinsurers' share of unearned premiums reserve	-	5,258	5,258	-	1,420	1,420
Reinsurers' share of gross claims outstanding reserve	6	1,084	1,090	30	1,324	1,354
Reinsurers' share of IBNR reserve	-	1,963	1,963	-	2,107	2,107
	6	8,305	8,311	30	4,851	4,881
<i>Net:</i>						
Unearned premiums reserve	790	11,241	12,031	790	5,382	6,172
Claims outstanding reserve	289	6,240	6,529	532	5,895	6,427
Claims incurred but not reported reserve	235	2,566	2,801	180	5,333	5,513
Unexpired risk reserve	57	3,420	3,477	50	1,950	2,000
Mathematical reserve	-	19,614	19,614	-	17,296	17,296
Unallocated loss adjustment expense reserve	36	641	677	22	146	168
	1,407	43,722	45,129	1,574	36,002	37,576

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

11 Insurance payables and other accruals

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Due to reinsurers	7,072	4,611
Commission payable	3,832	3,648
Due to policyholders	-	384
Premiums received in advance	333	252
VAT payable	10	16
Accrued expenses and other payables	3,904	4,710
	<u>15,151</u>	<u>13,621</u>

- (i) The geographical distribution of insurance payables and other accruals is as follows:

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Inside UAE		
Due to reinsurers	126	-
Commission payable	3,832	3,648
Due to policyholders	-	384
Premiums received in advance	333	252
VAT payable	10	16
Accrued expenses and other payables	3,904	4,710
	<u>8,205</u>	<u>9,010</u>
Outside UAE		
Due to reinsurers	6,946	4,611
	<u>15,151</u>	<u>13,621</u>

12 Investments income - net

	<i>(Unaudited)</i> Three-month period ended 30 June 2020 AED'000	<i>(Unaudited)</i> Three-month period ended 30 June 2019 AED'000	<i>(Unaudited)</i> Six-month period ended 30 June 2020 AED'000	<i>(Unaudited)</i> Six-month period ended 30 June 2019 AED'000
Financial assets carried at fair value				
Dividend income	263	240	324	821
Interest income	753	748	1,391	1,478
Amortisation of bonds	(30)	(83)	(57)	(188)
Loss on sale of investments	(1)	(6)	(8)	(6)
Term deposits				
Interest income	396	568	862	1,157
	<u>1,381</u>	<u>1,467</u>	<u>2,512</u>	<u>3,262</u>

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Notes to the condensed interim financial information

13 General and administrative expenses

	<i>(Unaudited)</i> Three-month period ended 30 June 2020 AED'000	<i>(Unaudited)</i> Three-month period ended 30 June 2019 AED'000	<i>(Unaudited)</i> Six-month period ended 30 June 2020 AED'000	<i>(Unaudited)</i> Six-month period ended 30 June 2019 AED'000
Staff costs (i)	2,127	2,163	4,403	4,274
Directors' remuneration	30	-	42	18
Legal and professional expenses	171	366	767	920
Rent expense	14	20	27	129
Marketing and advertisement	28	33	55	64
Business travel and entertainment	5	29	40	75
Depreciation	92	195	184	243
Amortisation	20	105	40	215
Other expenses	387	443	727	1,052
	2,874	3,354	6,285	6,990

(i) Staff costs include certain amounts charged by a related party (*note 15*).

14 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit for the period by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and shares data used in the loss per share computations:

	<i>(Unaudited)</i> Three-month period ended 30 June 2020 AED'000	<i>(Unaudited)</i> Three-month period ended 30 June 2019 AED'000	<i>(Unaudited)</i> Six-month period ended 30 June 2020 AED'000	<i>(Unaudited)</i> Six-month period ended 30 June 2019 AED'000
Profit for the period (AED'000)	1,933	1,030	517	374
Weighted average number of ordinary shares (shares in '000)	200,000	200,000	200,000	200,000
Earnings per share for the period – basic and diluted (AED)	0.010	0.005	0.003	0.002

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

15 Related party transactions and balances

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management.

Balances with related parties included in the condensed interim statement of financial position are as follows:

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Due from AXA Gulf		
- Assumed business <i>(note 7)</i>	3,485	9,007
- Medical claims <i>(note 7)</i>	268	268
Due from AXA Lebanon		
- Claims recovery	-	1,277
Due to AXA EB Partners		
- Others	394	117
Due to AXA Service Company		
- Others, as part of other receivables	429	377
Due to AXA Gulf		
- Payroll and other recharges	506	1,624

Transactions with related parties during the period are as follows:

	<i>(Unaudited)</i> Six-month period ended 30 June 2020 AED'000	<i>(Unaudited)</i> Six-month period ended 30 June 2019 AED'000
Reinsurance contracts with AXA Gulf		
- Recovered claims on health business	-	10
Reinsurance contracts with AXA Lebanon		
- Ceded premiums on life business	-	(293)
Reinsurance contracts with AXA Maxis		
- Ceded premiums on life business	4,136	-
Expenses charged to the Company by AXA Gulf		
- Secondment costs <i>(note 13) (i)</i>	(373)	(1,353)
- Communication and travelling expenses	-	(43)
- Other costs	-	(14)

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

15 Related party transactions and balances *(continued)*

	<i>(Unaudited)</i> Six-month period ended 30 June 2020 AED'000	<i>(Unaudited)</i> Six-month period ended 30 June 2019 AED'000
Assumed business with AXA Gulf		
- Assumed premiums	2,734	4,453
- Claims paid	(1,049)	(1,367)
	<hr/>	<hr/>
Expenses charged to the Company by AXA Service Company		
- Other costs	(53)	-
	<hr/>	<hr/>
Others:		
Expenses charged by AXA EB Partners to the Company	(277)	-
Employees' end of service benefits transferred to the Company by AXA Gulf	217	-
Employees' end of service benefits transferred by the Company to AXA Gulf	-	(18)
Directors' remuneration	42	(18)
	<hr/>	<hr/>
Compensation of key management personnel:		
The remuneration of key management personnel during the period is as follows:		
Short term benefits	754	807
	<hr/>	<hr/>
Employees' end of service benefits	19	19
	<hr/>	<hr/>

16 Contingencies and commitments

Contingencies

As of 30 June 2020, the Company had contingent liabilities amounting to AED 2,000 (*31 December 2019: AED 2,000 thousand*) in respect of bank, other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

17 Fair value of financial instruments

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

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Notes to the condensed interim financial information

17 Fair value of financial instruments (continued)

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial assets measured at fair value

	Level 1 AED'000	Level 3 AED'000	Total AED'000
At 30 June 2020 (Unaudited)			
At fair value through profit or loss			
Quoted equities	4,063	-	4,063
Quoted debt instruments	3,674	-	3,674
	<u>7,737</u>	<u>-</u>	<u>7,737</u>
At fair value through other comprehensive income			
Quoted equities	356	-	356
Quoted debt instruments	60,663	-	60,663
Private debt fund	-	2,030	2,030
	<u>61,019</u>	<u>2,030</u>	<u>63,049</u>
	<u>68,756</u>	<u>2,030</u>	<u>70,786</u>
At 31 December 2019 (Audited)			
At fair value through profit or loss			
Quoted equities	3,763	-	3,763
Quoted debt instruments	4,768	-	4,768
	<u>8,531</u>	<u>-</u>	<u>8,531</u>
At fair value through other comprehensive income			
Quoted equities	432	-	432
Quoted debt instruments	61,358	-	61,358
Private debt fund	-	2,214	2,214
	<u>61,790</u>	<u>2,214</u>	<u>64,004</u>
	<u>70,321</u>	<u>2,214</u>	<u>72,535</u>

For investment in debt fund, the fair values are based on Net Asset Values (NAV) calculated by the respective fund managers. The valuation of this debt fund qualifies as Level 3 fair value measurement. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period. Except for the above, management considers that the carrying amounts of financial assets recognised in the financial statements approximate their fair values.

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

18 Segment information

For management purposes, the Company is organised into business units based on their products and services and has two reportable operating segments as follows:

- The medical insurance segment that provides medical cover to policyholders; and
- The life insurance segment offers term life assurance products.

No inter-segment transactions occurred in 2020 and 2019.

Segment statement of income for the period ended 30 June 2020 (*unaudited*) is presented below:

	<i>Medical AED'000</i>	<i>Life AED'000</i>	<i>Total AED'000</i>
Gross premiums written	918	30,753	31,671
Change in unearned premiums reserve including URR	(8)	(11,166)	(11,174)
Insurance premiums earned	910	19,587	20,497
Reinsurers' share of gross premiums	-	(10,577)	(10,577)
Change in reinsurers' share of unearned premiums reserve	-	3,838	3,838
Net premiums earned	910	12,848	13,758
Reinsurance commission earned	-	525	525
Acquisition costs of insurance contracts	(40)	(2,362)	(2,402)
Net commission incurred	(40)	(1,837)	(1,877)
Gross claims paid	(614)	(12,616)	(13,230)
Change in outstanding claims reserve	267	(105)	162
Change in incurred but not reported claims reserve	(55)	2,911	2,856
Change in mathematical reserve	-	(2,318)	(2,318)
Change in unallocated loss adjustment expense reserve	(14)	(495)	(509)
Gross claims incurred	(416)	(12,623)	(13,039)
Reinsurers' share of gross claims paid	-	6,947	6,947
Change in reinsurers' share of outstanding claims reserve	(24)	(240)	(264)
Change in reinsurers' share of incurred but not reported claims reserve	-	(144)	(144)
Net claims incurred	(440)	(6,060)	(6,500)
Claims administration fees	(129)	-	(129)
Total claims and insurance related expenses	(569)	(6,060)	(6,629)
Net underwriting income	301	4,951	5,252
Investment income - net	162	2,350	2,512
Net change in fair value of financial assets at FVTPL	(74)	(1,097)	(1,171)
Charge of expected credit losses of financial assets at FVOCI	-	(4)	(4)
Other income	-	4	4
	389	6,204	6,593
General and administrative expenses	(298)	(5,987)	(6,285)
Reversal of allowance for expected credit losses of premiums and insurance receivables	9	200	209
Profit for the period	100	417	517

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Notes to the condensed interim financial information

18 Segment information (continued)

Segment statement of income for the period ended 30 June 2019 (unaudited) is presented below:

	<i>Medical</i> <i>AED'000</i>	<i>Life</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross premiums written	1,576	31,097	32,673
Change in unearned premiums reserve including URR	822	(12,431)	(11,609)
Insurance premiums earned	2,398	18,666	21,064
Reinsurers' share of gross premiums	-	(8,369)	(8,369)
Change in reinsurers' share of unearned premiums reserve	-	3,191	3,191
	-	(5,178)	(5,178)
Net premiums earned	2,398	13,488	15,886
Reinsurance commission	-	573	573
Acquisition costs of insurance contracts	(136)	(1,967)	(2,103)
Net commission incurred	(136)	(1,394)	(1,530)
	(1,169)	(13,536)	(14,705)
Gross claims paid			
Change in outstanding claims reserve	(201)	(1,500)	(1,701)
Change in incurred but not reported claims reserve	102	1,449	1,551
Change in mathematical reserve	-	(698)	(698)
Change in unallocated loss adjustment expense reserve	(1)	106	105
Gross claims incurred	(1,269)	(14,179)	(15,448)
Reinsurers' share of gross claims paid	-	4,257	4,257
Change in reinsurers' share of outstanding claims reserve	(119)	228	109
Change in reinsurers' share of incurred but not reported claims reserve	-	261	261
Net claims incurred	(1,388)	(9,433)	(10,821)
Claims administration fees	(215)	-	(215)
Total claims and insurance related expenses	(1,603)	(9,433)	(11,036)
Net underwriting income	659	2,661	3,320
Investments income - net	371	2,891	3,262
Net change in fair value of financial assets at FVTPL	22	173	195
Reversal for expected credit losses of financial assets carried at fair value through OCI	-	3	3
	1,052	5,728	6,780
General and administrative expenses	(872)	(6,118)	(6,990)
Reversal of allowance for expected credit losses of premiums and insurance receivables	459	125	584
Profit / (loss) for the period	639	(265)	374

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Notes to the condensed interim financial information

18 Segment information (continued)

Details of segment assets and liabilities as at 30 June 2020 (*unaudited*) is presented below:

	<i>Medical AED'000</i>	<i>Life AED'000</i>	<i>Unallocated AED'000</i>	<i>Total AED'000</i>
Segment assets	<u>10,699</u>	<u>155,742</u>	<u>25,214</u>	<u>191,655</u>
Segment liabilities	<u>1,578</u>	<u>64,112</u>	<u>5,438</u>	<u>71,128</u>

Details of segment assets and liabilities as at 31 December 2019 (*audited*) is presented below:

	<i>Medical AED'000</i>	<i>Life AED'000</i>	<i>Unallocated AED'000</i>	<i>Total AED'000</i>
Segment assets	<u>25,489</u>	<u>142,341</u>	<u>11,733</u>	<u>179,563</u>
Segment liabilities	<u>2,161</u>	<u>51,145</u>	<u>5,638</u>	<u>58,944</u>

19 Impact of COVID-19

The economic repercussions from the global outbreak of COVID-19 have significantly and adversely affected businesses worldwide. As at 30 June 2020, the Company has primarily been impacted in its investments where unrealised loss on financial assets carried at fair value through profit or loss and fair value through other comprehensive income are AED 1,171 thousand and AED 609 thousand respectively. The losses in these financial assets are consistent with the worldwide trend. There is insufficient information available to assess the direction of this trend in the future.

Business continuity planning

The Company is closely monitoring the situation and has invoked crisis management actions to ensure safety and security of Company's staff and an uninterrupted service to its customers. Remote working arrangements have been 100% tested and majority of the staff are currently working from home. Management believes the measures taken by the Company are sufficient to ensure data security, client servicing and operations.

Underwriting risks

In its underwriting segment, the Company is exposed to group life and medical policies. The impact on the medical segment is not expected to be material due to the size of segment. In relation to Group Life segment, since the virus is classified by the World Health Organization (WHO) as a 'pandemic', management believes that the exposure on the Group life segment to be limited due to the policy exclusions that are designed to prevent the Company from facing unsustainable losses in a pandemic situation.

The Company's reinsurance is placed with reinsurers which are generally international reputable entities with high credit ratings. As at 30 June 2020, no reinsurer has expressly disassociated with the Company. Furthermore, the Company was able to retain all major customers during the six-month period ended 30 June 2020 and has generally witnessed renewals and new business across both segments of businesses.

AXA Green Crescent Insurance P.J.S.C.

Notes to the condensed interim financial information

19 Impact of COVID-19 *(continued)*

Liquidity management

The world economic activity is slowing as millions practice social distancing to stem the spread of Covid-19. As a result, companies are currently experiencing or anticipating significant constraints on cash and working capital, including potential liquidity challenges. The Company has adopted a proactive and prudent approach in order to overcome the liquidity risks by investing in short term investments and refraining from long term or risky investments. Management believes that as at 30 June 2020, sufficient liquid funds are available to meet any commitments as they arise.

Credit risk

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Company has robust governance in place to ensure the appropriateness of the IFRS 9 framework and resultant ECL estimates are being reviewed continuously by the Company's regional investments team.

20 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

21 General

This condensed interim financial information of the Company was approved for issuance on behalf of the Board of Directors on 06 August 2020.