

ALLIANCE INSURANCE P.S.C.

**Review report and condensed interim financial information
for the six months period ended 30 June 2022**

ALLIANCE INSURANCE P.S.C.

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INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors
Alliance Insurance P.S.C.
Dubai
United Arab Emirates**

Introduction

We have reviewed the accompanying condensed statement of financial position of **Alliance Insurance P.S.C. (the "Company")**, as at 30 June 2022 and the related condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34: "*Interim Financial Reporting*" as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

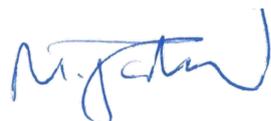
Scope of Review

We conducted our review in accordance with 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: "*Interim Financial Reporting*".

Deloitte & Touche (M.E.)



Signed by:
Mohammad Jallad
Registration No. 1164
10 August 2022
Sharjah, United Arab Emirates

**Condensed statement of financial position
at 30 June 2022**

	Notes	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
ASSETS			
Property and equipment		3,585,356	3,804,097
Investment properties	6	207,538,000	207,538,000
Investments at amortised cost	7.1	333,333,164	333,077,974
Investments at fair value through other comprehensive income (FVOCI)	7.2	7,816,306	6,888,342
Loans guaranteed by life insurance policies		43,819,977	45,543,850
Reinsurance contract assets	8	189,510,413	160,402,854
Deferred acquisition costs		14,751,076	2,403,699
Premium and insurance balances receivable	9	82,136,277	80,691,232
Other receivables and prepayments	10	27,719,792	24,157,887
Statutory deposits	11	10,463,189	10,228,125
Deposits	12	456,825,205	416,653,053
Cash and cash equivalents	13	47,122,576	82,812,969
Total assets		1,424,621,331	1,374,202,082
EQUITY AND LIABILITIES			
Equity			
Share capital	14	100,000,000	100,000,000
Statutory reserve	15	93,661,305	93,661,305
Regular reserve		84,072,105	84,072,105
General reserve		222,000,000	222,000,000
Reinsurance reserve		1,770,456	1,770,456
Cumulative change in fair value of FVOCI investments		(2,947,260)	(3,875,224)
Retained earnings		25,490,226	40,988,455
Total equity		524,046,832	538,617,097
Liabilities			
Provision for employees' end of service indemnity		4,604,051	4,713,384
Accounts payable	16	99,023,801	82,837,200
		103,627,852	87,550,584
Insurance liabilities			
Insurance liabilities	17	74,067,185	70,672,128
Premium collected in advance		10,136,093	9,525,707
Deferred commission income		13,347,735	4,685,895
		97,551,013	84,883,730

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

**Condensed statement of financial position
at 30 June 2022 (continued)**

	Notes	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Insurance contract liabilities –			
Technical provisions	8		
Unearned premium reserve		117,194,977	69,655,680
Claims under settlement reserve		97,477,944	88,632,109
Incurred but not reported reserve		17,907,943	25,546,433
Unallocated loss adjustment expense reserve		1,074,719	912,239
Unexpired risk reserve		99,481	189,079
Mathematical reserve		465,640,570	478,215,131
Total insurance contract liabilities		699,395,634	663,150,671
Total liabilities		900,574,499	835,584,985
Total equity and liabilities		1,424,621,331	1,374,202,082

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim financial information presents fairly in all material respects the financial position, financial performance and cash flows of the Company.

These condensed interim financial information were approved by the Board of Directors on 10 August 2022 and were signed on its behalf by:



Saeed Mohammed Alkamda
Vice- Chairman



Aimen Saba Azara
Executive Board Member and CEO

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

**Condensed statement of profit or loss (unaudited)
for the six months period ended 30 June 2022**

	Three months period ended		Six months period ended	
	2022	30 June	2022	30 June
	AED	2021	AED	2021
	AED	AED	AED	AED
Gross premiums	102,602,731	74,043,464	192,697,747	167,844,427
Reinsurance share of gross premiums	(59,244,024)	(43,484,287)	(112,089,668)	(98,768,196)
Net premium	43,358,707	30,559,177	80,608,079	69,076,231
Net change in unearned premium/unexpired risk reserves	(12,745,443)	5,848,085	(19,241,114)	5,407,899
Net premium earned	30,613,264	36,407,262	61,366,965	74,484,130
Commissions received	7,111,293	3,525,780	14,844,384	7,946,510
Commissions paid	(11,587,642)	(3,182,726)	(20,250,079)	(7,642,984)
Movement in deferred acquisition costs/ commission income – net	1,183,527	(2,009,412)	3,685,537	(1,669,002)
Gross underwriting income	27,320,442	34,740,904	59,646,807	73,118,654
Gross claims paid	(10,773,606)	(18,299,989)	(27,173,524)	(37,468,877)
Reinsurance share of insurance claims and loss adjustment expenses	6,363,534	11,559,138	16,667,793	23,504,827
Net claims paid	(4,410,072)	(6,740,851)	(10,505,731)	(13,964,050)
Movement in outstanding claims, incurred but not reported claims reserve, and unallocated loss adjustment expense reserve	(1,163,528)	(559,967)	(470,851)	(2,448,500)
Earnings and cancellations of life insurance Policies	(22,202,938)	(23,690,538)	(42,516,484)	(47,689,124)
Decrease in mathematical reserves	9,664,065	10,438,019	12,574,561	18,154,350
Net claims incurred	(18,112,473)	(20,553,337)	(40,918,505)	(45,947,324)
Net underwriting income	9,207,969	14,187,567	18,728,302	27,171,330
Income from financial investments	7,846,740	8,811,894	15,305,876	17,431,009
Income from investment properties - net	2,165,509	2,338,645	4,497,972	4,979,542
Foreign currency exchange gain	76,652	71,975	156,670	186,865
Other income	488,732	743,361	1,133,223	1,250,820
Total income	19,785,602	26,153,442	39,822,043	51,019,566
General and administrative expenses	(6,680,701)	(6,749,071)	(13,799,027)	(13,478,643)
Bonuses and rebates (net of reinsurance)	(6,429,583)	(7,334,404)	(10,425,065)	(14,087,685)
Other operating expenses	(704,623)	(584,856)	(1,096,180)	(1,491,325)
Profit for the period	5,970,695	11,485,111	14,501,771	21,961,913
Basic and diluted earnings per share (Note 18)	5.97	11.49	14.5	21.96

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

**Condensed statement of comprehensive income (unaudited)
for the six months period ended 30 June 2022**

	Three months period ended		Six months period ended	
	2022	30 June	2022	30 June
	AED	2022	AED	2021
		AED		AED
Profit for the period	5,970,695	11,485,111	14,501,771	21,961,913
Other comprehensive income/(loss)				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Net unrealised gain/(loss) from FVOCI investments	(856,581)	285,527	927,964	892,272
Total comprehensive income for the period	5,114,114	11,770,638	15,429,735	22,854,185

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

**Condensed statement of changes in equity
for the six months period ended 30 June 2022**

	Share capital AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Reinsurance reserve AED	Cumulative change in fair value of FVOCI investments AED	Retained earnings AED	Total AED
Balance at 31 December 2020 (Audited)	100,000,000	89,549,184	79,959,984	222,000,000	869,651	(5,588,386)	40,108,173	526,898,606
Profit for the period	-	-	-	-	-	-	21,961,913	21,961,913
Other comprehensive loss for the period	-	-	-	-	-	892,272	-	892,272
Dividends paid (Note 24)	-	-	-	-	-	-	(30,000,000)	(30,000,000)
Balance at 30 June 2020 (Unaudited)	100,000,000	89,549,184	79,959,984	222,000,000	869,651	(4,696,114)	32,070,086	519,752,791
Balance at 31 December 2021 (Audited)	100,000,000	93,661,305	84,072,105	222,000,000	1,770,456	(3,875,224)	40,988,455	538,617,097
Profit for the period	-	-	-	-	-	-	14,501,771	14,501,771
Other comprehensive income for the period	-	-	-	-	-	927,964	-	927,964
Dividends paid (Note 24)	-	-	-	-	-	-	(30,000,000)	(30,000,000)
Balance at 30 June 2022 (Unaudited)	100,000,000	93,661,305	84,072,105	222,000,000	1,770,456	(2,947,260)	25,490,226	524,046,832

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

**Condensed statement of cash flows (unaudited)
for the six months period ended 30 June 2022**

	Six months period ended 30 June	
	2022	2021
	AED	AED
Cash flows from operating activities		
Profit for the period	14,501,771	21,961,913
Adjustments for:		
Depreciation of property and equipment	216,924	367,084
Property and equipment written off during the period	250,000	90,020
Interest income from investments at amortised cost	(9,414,957)	(9,408,401)
Amortisation of fees, premiums and discounts on investments	848,810	835,477
Interest income from deposits	(4,195,841)	(6,182,203)
Interest income from loans guaranteed by life insurance policies	(1,266,789)	(1,554,880)
Dividend income	(428,289)	(285,525)
Income from investment properties	(4,497,972)	(4,979,542)
Provision for employees' end of service indemnity	298,204	261,834
Reversal of expected credit loss provision	(40,271)	-
Operating cash flows before changes in operating assets and liabilities	(3,728,410)	1,105,777
Increase in insurance, other receivables, and prepayments	(4,986,069)	(4,847,966)
(Increase)/decrease in reinsurance share of technical provisions	(29,107,559)	15,226,210
Increase/(decrease) in technical reserves	36,244,963	(36,339,959)
(Increase)/decrease in deferred acquisition cost reserves	(12,347,377)	289,038
Increase in deferred commission income	8,661,840	1,379,964
Increase/(decrease) in accounts payable, insurance liabilities and premium collected in advance	14,159,028	(6,773,459)
Cash generated from/(used in) operations	8,896,416	(29,960,395)
Employees end of service indemnity paid	(407,537)	(747,835)
Net cash generated from/(used in) operating activities	8,488,879	(30,708,230)
Cash flows from investing activities		
Purchase of property and equipment	(248,184)	(34,835)
Net increase in loans guaranteed by life insurance policies	2,990,662	1,658,015
Purchases of financial investments at amortised cost	(1,104,000)	-
Income received on deposits	3,284,926	4,260,773
Income received from investments at amortised cost	11,654,657	11,382,035
Deposits (placed)/encashed during the period	(39,496,303)	42,351,917
Dividend income received	428,289	285,525
Rental income received from investment properties	8,310,681	8,743,229
Net cash (used in)/generated from investing activities	(14,179,272)	68,646,659
Cash flow from financing activities		
Dividend paid	(30,000,000)	(30,000,000)
Net cash used in financing activities	(30,000,000)	(30,000,000)
Net (decrease)/increase in cash and cash equivalents	(35,690,393)	7,938,429
Cash and cash equivalents at the beginning of the period	82,812,969	48,691,929
Cash and cash equivalents at the end of the period	47,122,576	56,630,358

The accompanying notes form an integral part of this condensed interim financial information

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022**

1. Segment information

For management purposes, the Company is organised into two business segments, property and liability insurance (general insurance) and insurance of persons and fund accumulation operations (life assurance). The general insurance segment comprises motor, marine, fire, engineering, medical, and general accident. The life assurance segment includes only long-term life and group life. These segments are the basis on which the Company reports its primary segment information. Segment-wise information is disclosed below:

1.1 Segment financial position for insurance of persons and fund accumulation operations

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
ASSETS		
Property and equipment	1,995,212	2,141,398
Investment properties	129,812,500	129,812,500
Investments at amortised cost	244,244,130	243,822,466
Loans guaranteed by life insurance policies	43,819,977	45,543,850
Reinsurance contract assets	4,761,736	3,177,607
Deferred acquisition costs	241,042	159,269
Premium and insurance balances receivable	1,508,903	900,533
Other receivables and prepayments	13,208,338	11,668,759
Statutory deposits	2,463,189	2,228,125
Deposits	208,303,808	187,460,175
Cash and cash equivalents	2,514,759	67,126,616
Inter-division balance	131,092,049	109,549,634
Total assets	783,965,643	803,590,932
EQUITY AND LIABILITIES		
Equity		
Share capital	50,000,000	50,000,000
Statutory reserve	45,155,315	45,155,315
Regular reserve	40,360,715	40,360,715
General reserve	107,552,461	107,552,461
Reinsurance reserve	45,856	45,856
Retained earnings	15,030,951	21,412,790
Total equity	258,145,298	264,527,137
Liabilities		
Provision for employees' end of service indemnity	2,179,884	2,182,683
Accounts payable	14,171,199	10,603,976
	16,351,083	12,786,659
Insurance liabilities		
Insurance liabilities	26,002,069	33,085,243
Premium collected in advance	10,136,093	9,525,707
Deferred commission income	304	1,669
	36,138,466	42,612,619

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

1. Segment information (continued)

1.1 Segment financial position for insurance of persons and fund accumulation operations (continued)

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Insurance contract liabilities – Technical provisions		
Unearned premium reserve	2,847,057	1,946,169
Claims under settlement reserve	3,089,851	2,532,654
Incurred but not reported reserve	1,645,768	792,327
Unallocated loss adjustment expense reserve	83,913	58,521
Unexpired risk reserve	23,637	119,715
Mathematical reserve	465,640,570	478,215,131
Total insurance contract liabilities	473,330,796	483,664,517
Total liabilities	525,820,345	539,063,795
Total equity and liabilities	783,965,643	803,590,932

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

1. Segment information (continued)

1.2 Segment profit or loss for insurance of persons and fund accumulation operations (unaudited)

	Three months period ended		Six months period ended	
	2022	30 June	2022	30 June
	AED	2021	AED	2021
		AED		AED
Gross premiums	21,295,175	23,958,568	48,374,903	50,591,206
Reinsurance share of gross premiums	(1,366,734)	(706,321)	(3,198,380)	(1,738,712)
Net premium	19,928,441	23,252,247	45,176,523	48,852,494
Net change in unearned premium/unexpired risk reserves	131,964	(101,491)	(293,771)	(325,833)
Net premium earned	20,060,405	23,150,756	44,882,752	48,526,661
Commissions received	3,848	(42,256)	10,280	(30,559)
Commissions paid	(1,141,381)	(1,709,827)	(2,656,059)	(3,379,341)
Movement in deferred acquisition costs/ commission income – net	2,355	(3,718)	83,136	(1,918)
Gross underwriting income	18,925,227	21,394,955	42,320,109	45,114,843
Gross claims paid	(864,302)	(1,940,799)	(1,776,150)	(3,693,482)
Reinsurance share of insurance claims and loss adjustment expenses	641,318	853,120	1,162,390	1,676,349
Net claims paid	(222,984)	(1,087,679)	(613,760)	(2,017,133)
Movement in outstanding claims, incurred but not reported claims reserve, and unallocated loss adjustment expense reserves	(204,381)	182,982	(362,943)	108,423
Earnings and cancellations of life insurance policies	(22,202,938)	(23,690,538)	(42,516,484)	(47,689,124)
Decrease in mathematical reserves	9,664,065	10,438,019	12,574,561	18,154,350
Net claims incurred	(12,966,238)	(14,157,216)	(30,918,626)	(31,443,484)
Net underwriting income	5,958,989	7,237,739	11,401,483	13,671,359
Income from financial investments	4,976,489	5,845,161	10,020,842	11,567,608
Income from investments properties - net	1,524,584	1,652,399	3,209,322	3,406,176
Foreign currency exchange gain	71,538	75,533	152,515	181,525
Other income	49,310	12,570	89,697	41,754
Total income	12,580,910	14,823,402	24,873,859	28,868,422
General and administrative expenses	(2,652,853)	(2,591,312)	(5,329,322)	(5,141,516)
Bonuses and rebates (net of reinsurance)	(6,429,583)	(7,334,404)	(10,425,065)	(14,087,685)
Other operating expenses	(63,886)	(86,956)	(144,311)	(171,597)
Profit for the period	3,434,588	4,810,730	8,975,161	9,467,624

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

1. Segment information (continued)

1.3 Segment financial position for property and liability insurance

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
ASSETS		
Property and equipment	1,590,144	1,662,699
Investment properties	77,725,500	77,725,500
Investments at amortised cost	89,089,034	89,255,508
Investments at fair value through other comprehensive income (FVOCI)	7,816,306	6,888,342
Reinsurance contract assets	184,748,677	157,225,247
Deferred acquisition costs	14,510,034	2,244,430
Premium and insurance balances receivable	80,627,374	79,790,699
Other receivables and prepayments	14,511,454	12,489,128
Statutory deposits	8,000,000	8,000,000
Deposits	248,521,397	229,192,878
Cash and cash equivalents	44,607,817	15,686,353
Total assets	771,747,737	680,160,784
EQUITY AND LIABILITIES		
Equity		
Share capital	50,000,000	50,000,000
Statutory reserve	48,505,990	48,505,990
Regular reserve	43,711,390	43,711,390
General reserve	114,447,539	114,447,539
Reinsurance reserve	1,724,600	1,724,600
Cumulative change in fair value of FVOCI investments	(2,947,260)	(3,875,224)
Retained earnings	10,459,275	19,575,665
Total equity	265,901,534	274,089,960
Liabilities		
Provision for employees' end of service indemnity	2,424,167	2,530,701
Accounts payable	84,852,602	72,233,224
Inter-division balance	131,092,049	109,549,634
	218,368,818	184,313,559
Insurance liabilities		
Insurance liabilities	48,065,116	37,586,885
Deferred commission income	13,347,431	4,684,226
	61,412,547	42,271,111

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

1. Segment information (continued)

1.3 Segment financial position for property and liability insurance (continued)

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Insurance contract liabilities – Technical provisions		
Unearned premium reserve	114,347,920	67,709,511
Claims under settlement reserve	94,388,093	86,099,455
Incurred but not reported reserve	16,262,175	24,754,106
Unallocated loss adjustment expense reserve	990,806	853,718
Unexpired risk reserve	75,844	69,364
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Total insurance contract liabilities	226,064,838	179,486,154
	<hr/>	<hr/>
Total liabilities	505,846,203	406,070,824
	<hr/>	<hr/>
Total equity and liabilities	771,747,737	680,160,784
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**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

1. Segment information (continued)

1.4 Segment profit or loss for property and liability insurance (unaudited)

	Three months period ended		Six months period ended	
	2022	30 June	2022	30 June
	AED	AED	AED	AED
Gross premiums	81,307,556	50,084,896	144,322,844	117,253,221
Reinsurance share of gross premiums	(57,877,290)	(42,777,966)	(108,891,288)	(97,029,484)
Net premium	23,430,266	7,306,930	35,431,556	20,223,737
Net change in unearned premium/ unexpired risk reserves	(12,877,407)	5,949,576	(18,947,343)	5,733,732
Net premium earned	10,552,859	13,256,506	16,484,213	25,957,469
Commissions received	7,107,445	3,568,036	14,834,104	7,977,069
Commissions paid	(10,446,261)	(1,472,899)	(17,594,020)	(4,263,643)
Movement in deferred acquisition costs/ commission income – net	1,181,172	(2,005,694)	3,602,401	(1,667,084)
Gross underwriting income	8,395,215	13,345,949	17,326,698	28,003,811
Gross claims paid	(9,909,304)	(16,359,190)	(25,397,374)	(33,775,395)
Reinsurance share of insurance claims and loss adjustment expenses	5,722,216	10,706,018	15,505,403	21,828,478
Net claims paid	(4,187,088)	(5,653,172)	(9,891,971)	(11,946,917)
Movement in outstanding claims, incurred but not reported claims reserve, unallocated loss adjustment expense reserve	(959,147)	(742,949)	(107,908)	(2,556,923)
Net claims incurred	(5,146,235)	(6,396,121)	(9,999,879)	(14,503,840)
Net underwriting income	3,248,980	6,949,828	7,326,819	13,499,971
Income from financial investments	2,870,251	2,966,733	5,285,034	5,863,401
Income from investments property - net	640,925	686,246	1,288,650	1,573,366
Foreign currency exchange gain/(loss)	5,114	(3,558)	4,155	5,340
Other income	439,422	730,791	1,043,526	1,209,066
Total income	7,204,692	11,330,040	14,948,184	22,151,144
General and administrative expenses	(4,027,848)	(4,157,759)	(8,469,705)	(8,337,127)
Other operating expenses	(640,737)	(497,900)	(951,869)	(1,319,728)
Profit for the period	2,536,107	6,674,381	5,526,610	12,494,289

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

2. General information

Alliance Insurance P.S.C. (the "Company") is a Public Shareholding Company which was originally established in Dubai on 1 July 1975 as a limited liability company under the name of Credit and Commerce Insurance Company. The Company was subsequently incorporated in Dubai on 6 January 1982 as a limited liability company under an Emiri Decree. The Company was converted to a Public Shareholding Company (P.S.C.) in January 1995, in accordance with the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended). The Company's shares are listed on the Dubai Financial Market.

The licensed activities of the Company are issuing short term and long term insurance contracts. The insurance contracts are issued in connection with property, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and nonparticipating), group life, personal accident, medical and investment linked products.

The registered address of the Company is Warba Centre, P.O. Box 5501, Dubai, United Arab Emirates.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

3. Application of new and revised International Financial Reporting Standards (IFRS)

3.1 New and revised IFRS applied with no material effect on the condensed interim financial information

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Description	Effective from
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

3.2 New and revised IFRS standards and interpretations but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Description	Effective from
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)****3. Application of new and revised International Financial Reporting Standards (IFRS)**
(continued)**3.2 New and revised IFRS standards and interpretations but not yet effective** (continued)

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 17, mentioned below, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 17 will be adopted in the Company's financial statements for the annual period beginning 1 January 2023. The application of IFRS 17 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of its insurance contracts. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Company performs a detailed review.

Management expects that majority of the short-term contracts issued by the Company will be eligible for the premium allocation approach, while for individual life contracts both the general measurement approach and the variable fee approach will be used as applicable.

4. Summary of significant accounting policies**4.1 Basis of preparation**

This condensed interim financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34 "Interim Financial Reporting".

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

This condensed interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties. The Company presents its condensed statement of financial position broadly in the order of liquidity.

The accounting policies, presentation and methods in this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2021.

This condensed interim financial information do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of UAE Federal Law No. (2) of 2015 (amended). In addition, results for the six months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

5 Judgements and estimates

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements as at and for the year ended 31 December 2021.

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

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

6. Investment properties

Investment properties comprises two commercial buildings in Dubai, UAE.

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2022 (31 December 2021: Level 3).

7. Financial investments

7.1 Investments at amortised cost

Investment in securities comprises of the following:

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Quoted bonds	334,964,996	334,709,806
Provision for expected credit losses (Note 7.1.1)	(1,631,832)	(1,631,832)
	333,333,164	333,077,974

The bonds carry interest at the rates ranging from 4.75% to 7.5% (2021: 4.75% to 7.5%) per annum and interest is receivable semi-annually. The Company holds these investments with the objective of receiving the contractual cash flows over the instrument's life. Management considers that the carrying amounts of these investment at amortised cost approximate their fair values

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Inside UAE	199,390,973	199,927,331
Outside UAE	133,942,191	133,150,643
	333,333,164	333,077,974

7.1.1 Movement in provision for expected credit loss are as follows:

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Balance at the beginning of the year	1,631,832	772,000
Charge during the period/year	-	859,832
	1,631,832	1,631,832

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

7. Financial investments (continued)

7.2 Investments at fair value through other comprehensive income (FVOCI)

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Quoted equity securities in UAE	7,816,306	6,888,342

7.3 Movements in financial investments

The gross movements in investments at FVOCI and investments at amortised cost are as follows:

	FVOCI AED	At amortised cost AED	Total AED
At 31 December 2020 (audited)	5,175,180	335,622,610	340,797,790
Amortised	-	(1,684,804)	(1,684,804)
Changes in fair value	1,713,162	-	1,713,162
Charge for expected credit loss during the year	-	(859,832)	(859,832)
At 31 December 2021 (audited)	6,888,342	333,077,974	339,966,316
Amortised	-	(848,810)	(848,810)
Changes in fair value	927,964	-	927,964
Purchased	-	1,104,000	1,104,000
At 30 June 2022 (unaudited)	7,816,306	333,333,164	341,149,470

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

8. Insurance contract liabilities - Technical provisions

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Insurance contract liabilities - Technical provisions:		
Unearned premium reserve	117,194,977	69,655,680
Claims under settlement reserve	97,477,944	88,632,109
Incurred but not reported reserve ("IBNR")	17,907,943	25,546,433
Unallocated loss adjustment expense reserve ("ULAE")	1,074,719	912,239
Unexpired risk reserve	99,481	189,079
Mathematical reserve	465,640,570	478,215,131
Total technical provisions – gross	699,395,634	663,150,671
Reinsurance contract assets:		
Unearned premium reserve	86,565,995	58,362,790
Claims under settlement reserve	89,156,602	81,745,675
Incurred but not reported reserve ("IBNR")	13,716,314	20,228,267
Unexpired risk reserve	71,502	66,122
Total reinsurers' share of technical provisions	189,510,413	160,402,854
Unearned premium reserve	30,628,982	11,292,890
Claims under settlement reserve	8,321,342	6,886,434
Incurred but not reported reserve ("IBNR")	4,191,629	5,318,166
Unallocated loss adjustment expense reserve ("ULAE")	1,074,719	912,239
Unexpired risk reserve	27,979	122,957
Mathematical reserve	465,640,570	478,215,131
Total technical provisions – net	509,885,221	502,747,817

9. Premium and insurance balances receivable

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Due from policyholders	63,946,162	52,590,134
Due from insurance or reinsurance companies	4,393,564	4,730,505
Due from brokers or agents	17,281,008	26,857,160
Less: Provision for impairment	(3,484,457)	(3,486,567)
	82,136,277	80,691,232

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

9. Premium and insurance balances receivable (continued)

Within U.A.E.

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Due from policyholders	63,946,162	52,590,134
Due from insurance or reinsurance companies	1,854,475	2,214,276
Due from brokers or agents	17,281,008	26,857,160
Less: Provision for impairment	(3,484,457)	(3,486,567)
	79,597,188	78,175,003

Outside U.A.E.

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Due from insurance or reinsurance companies	2,539,089	2,516,229
Total	82,136,277	80,691,232

10. Other receivables and prepayments

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Accrued interest from investments at amortised cost	5,663,048	7,632,207
Rent receivable from tenants	9,554,769	6,362,750
Prepayments	3,835,643	1,955,764
Receivable from employees	281,894	338,019
Refundable deposits	161,978	166,255
Others	9,663,711	9,182,304
Less: Provision for expected credit losses	(1,441,251)	(1,479,412)
	27,719,792	24,157,887

11. Statutory deposits

As at 30 June 2022, deposit of AED 10,463,189 (31 December 2021: AED 10,228,125) has been placed with one of the Company's bankers, in accordance with Article 42 of UAE Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organization of its Operations. This deposit has been pledged to the bank as security against a guarantee issued by the Bank in favor of the Central Bank of the United Arab Emirates ("CBUAE") for the same amount. This deposit cannot be withdrawn without prior approval of the Central Bank of the United Arab Emirates and bears an interest rate ranging from 0.5% to 1.5% per annum (2021: 3% to 3.5% per annum).

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

12. Deposits

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Short term deposits with banks in the UAE	391,108,928	351,847,691
Accrued interest on short term deposits	3,961,657	1,488,617
Subtotal A (current portion)	395,070,585	353,336,308
Long term deposits with banks in the UAE	61,600,000	61,600,000
Accrued interest on long term deposits	474,858	2,036,983
Subtotal B (non-current portion)	62,074,858	63,636,983
Less: Provision for expected credit losses (C)	(320,238)	(320,238)
Grand total (A+B+C)	456,825,205	416,653,053

Deposits comprise fixed deposits with original maturity term of 12 months and above with banks in UAE bearing annual interest at rates ranging from 0.45% to 5.25% (31 December 2021: 0.45% to 5.25%)

13. Cash and cash equivalents

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Cash on hand	88,563	241,305
Current accounts with banks	47,107,840	82,645,491
Less: Provision for expected credit losses	(73,827)	(73,827)
	47,122,576	82,812,969

Bank balances are maintained with local banks in UAE.

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

14. Share capital

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Issued and fully paid: 1,000,000 ordinary shares of AED 100 each	100,000,000	100,000,000

15. Statutory reserve

In accordance with the UAE Federal Decree Law No. 32 of 2021, the Company has established a statutory reserve by appropriation of 10% of the Company's net profit for each year which will be increased until the reserve equals 50% of the share capital. This reserve is not available for distribution, except as stipulated by the Law. No allocation to the statutory reserve has been made for the six month period ended 30 June 2022, as this will be effected at the year-end based on the Company's results for the year ending 31 December 2022.

16. Accounts payable

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Payables inside UAE	15,460,237	13,198,618
Payables outside UAE	59,300,577	50,260,463
Other payables (note 16.1)	24,262,987	19,378,119
	99,023,801	82,837,200
	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Within U.A.E.		
Insurance companies	5,057,527	4,509,190
Insurance brokers	10,402,710	8,689,428
Other payables (note 16.1)	24,262,987	19,378,119
	39,723,224	32,576,737

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

16. Accounts payable (continued)

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Outside U.A.E.		
Insurance companies	1,085,762	490,310
Reinsurance companies	58,214,815	49,770,153
	59,300,577	50,260,463

16.1 Other payables

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Provision for staff benefits	2,121,545	3,852,328
Rent received in advance	6,884,600	851,584
Accruals and provision	859,949	904,186
Other payables	14,396,893	13,770,021
	24,262,987	19,378,119

17. Insurance liabilities

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Maturity payable	17,159,326	22,239,978
Bonus and surrenders payable	7,335,177	9,543,287
Claims payable	1,568,783	3,310,124
Other insurance payables	48,003,899	35,578,739
	74,067,185	70,672,128

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

18. Basic and diluted earnings per share

	Three months period ended		Six months period ended	
	2022 (unaudited)	30 June 2021 (unaudited)	2022 (unaudited)	30 June 2021 (unaudited)
Profit for the period (AED)	5,970,695	11,485,111	14,501,771	21,961,913
Number of shares	1,000,000	1,000,000	1,000,000	1,000,000
Basic and diluted earnings per share (AED)	5.97	11.49	14.5	21.96

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

19. Related party transactions

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures major shareholders, directors and other key management personnel of the Company, and significantly influenced by such parties.

At the end of the reporting period, amounts due from related parties are as follows:

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Due from related parties (Key Management personnel and entities under common control)	1,333,148	1,264,268

The above balances are included as part of premiums and insurance balances receivables.

Transactions:

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

	Three months period ended		Six months period ended	
	2022 (unaudited) AED	30 June 2021 (unaudited) AED	2022 (unaudited) AED	30 June 2021 (unaudited) AED
Premiums	931,909	1,354,659	1,690,051	2,356,754
Claims paid	10,375	55,404	10,375	62,404
Key management personnel remuneration including benefits	462,012	484,461	956,196	1,015,347
Directors' remuneration approved by the annual general meeting relating to previous year paid during the period	1,115,883	1,148,490	1,115,883	1,148,490

Transactions are entered with related parties at rates agreed with management.

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)**

20. Contingent liabilities

	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED
Letters of guarantee	10,552,507	10,853,330

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

21. Financial instruments

The fair values of financial assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2021.

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table gives information about how the fair values of these financial assets are determined:

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 June 2022 (unaudited) AED	31 December 2021 (audited) AED		
Quoted equity securities – FVOCI	7,816,306	6,888,342	Level 1	Quoted bid prices in an active market.

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

22. Seasonality of results

No income of seasonal nature was recorded in the condensed statement of profit or loss for the six months period ended 30 June 2022 and 2021.

**Notes to the condensed interim financial information
for the six months period ended 30 June 2022 (continued)****23 Coronavirus (COVID-19) outbreak and its impact on the Company**

The World Health Organization declared on March 11, 2020 the Novel Coronavirus (Covid-19) as a global pandemic. This event has caused widespread disruptions to businesses and economic activity.

The Company has performed an assessment of COVID-19 implications on the financial results of the Company, in light of the available guidance of IFRS, and incorporated the outcome in these condensed interim financial information.

The Company has considered the potential impacts of the current economic volatility in determination of the reported amounts of the financial and non-financial assets, and these are considered to represent management's best assessment based on observable information. Markets however remain volatile, and the recorded amounts remain sensitive to market fluctuations.

The Company is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

24. Dividend

At the Annual General Meeting held on 12 April 2022, the Shareholders approved a cash dividend of AED 30 million at AED 30 per share for 2021 (2021: AED 30 million at AED 30 per share for 2020).

25. Approval of the condensed interim financial information

The condensed interim financial information was approved by the Board of Directors and authorised for issue on 10 August 2022.