

**ALLIANCE INSURANCE P.S.C.**  
**Dubai, United Arab Emirates**

**Review report and condensed interim financial information  
for the three months period ended 31 March 2021**

**ALLIANCE INSURANCE P.S.C.**

<b>Contents</b>	<b>Pages</b>
<b>Independent auditor's review report</b>	<b>1</b>
<b>Condensed statement of financial position</b>	<b>2 - 3</b>
<b>Condensed statement of profit or loss (unaudited)</b>	<b>4</b>
<b>Condensed statement of comprehensive income (unaudited)</b>	<b>5</b>
<b>Condensed statement of changes in equity</b>	<b>6</b>
<b>Condensed statement of cash flows (unaudited)</b>	<b>7</b>
<b>Notes to the condensed interim financial information</b>	<b>8 - 25</b>

## 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")**, **Dubai, United Arab Emirates**, as at 31 March 2021 and the related condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the three 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 these 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:  
Samir Madbak  
Registration No. 386  
9 May 2021

Sharjah, United Arab Emirates

**Condensed statement of financial position  
at 31 March 2021**

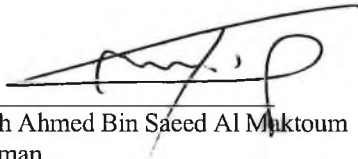
	Notes	31 March 2021 (unaudited) AED	31 December 2020 (audited) AED
<b>ASSETS</b>			
Property and equipment		3,992,452	4,261,569
Investment properties	6	200,440,000	200,440,000
Investments at amortised cost	7.1	335,206,383	335,622,610
Investments at fair value through other comprehensive income (FVOCI)	7.2	5,781,925	5,175,180
Loans guaranteed by life insurance policies		48,478,642	48,458,780
Reinsurance contract assets	8	182,185,808	192,691,454
Deferred acquisition costs		6,860,792	5,937,160
Premium and insurance balances receivable	9	86,955,670	74,924,855
Other receivables and prepayments	10	29,105,861	21,586,863
Statutory deposits	11	10,228,125	10,000,000
Deposits	12	494,121,768	498,471,334
Cash and cash equivalents	13	47,037,332	48,691,929
<b>Total assets</b>		<b>1,450,394,758</b>	<b>1,446,261,734</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	14	100,000,000	100,000,000
Statutory reserve		89,549,184	89,549,184
Regular reserve		79,959,984	79,959,984
General reserve		222,000,000	222,000,000
Reinsurance reserve		869,651	869,651
Cumulative change in fair value of FVOCI investments		(4,981,641)	(5,588,386)
Retained earnings		50,584,975	40,108,173
<b>Total equity</b>		<b>537,982,153</b>	<b>526,898,606</b>
<b>Liabilities</b>			
Provision for employees' end of service indemnity		4,778,413	4,984,443
Accounts payable	15	103,039,321	83,226,463
		<b>107,817,734</b>	<b>88,210,906</b>
<b>Insurance liabilities</b>			
Insurance liabilities	16	63,441,030	74,436,991
Premium collected in advance		8,947,547	9,198,901
Deferred commission income		5,290,463	4,707,241
		<b>77,679,040</b>	<b>88,343,133</b>

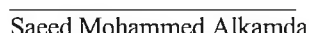
The accompanying notes form an integral part of this condensed interim financial information.


**Condensed statement of financial position  
at 31 March 2021(continued)**

	Notes	31 March 2021 (unaudited) AED	31 December 2020 (audited) AED
<b>Insurance contract liabilities – technical provisions</b>	<b>8</b>		
Unearned premium reserve		99,347,364	94,398,298
Claims under settlement reserve		103,112,437	119,758,932
Incurred but not reported reserve		21,435,733	17,622,329
Unallocated loss adjustment expense reserve		707,872	581,186
Unexpired risk reserve		471,398	890,986
Mathematical reserve		501,841,027	509,557,358
<b>Total insurance contract liabilities</b>		<b>726,915,831</b>	<b>742,809,089</b>
<b>Total liabilities</b>		<b>912,412,605</b>	<b>919,363,128</b>
<b>Total equity and liabilities</b>		<b>1,450,394,758</b>	<b>1,446,261,734</b>

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.

  
Sheikh Ahmed Bin Saeed Al Muktoum  
Chairman

  
Saeed Mohammed Alkamda  
Vice- Chairman

  
Aimen Saba Azara  
Board Member and General Manager

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

**Condensed statement of profit or loss (unaudited)  
for the three months period ended 31 March 2021**

	<b>Three months period ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
Gross premiums	<b>93,800,963</b>	64,813,987
Reinsurers' share of gross premiums	<b>(55,283,909)</b>	(30,488,215)
<b>Net premium</b>	<b>38,517,054</b>	34,325,772
Net change in unearned premium/ unexpired risk	<b>(440,186)</b>	822,483
<b>Net premium earned</b>	<b>38,076,868</b>	35,148,255
Commissions received	<b>4,420,730</b>	2,737,992
Commissions paid	<b>(4,460,258)</b>	(3,465,651)
Movement in deferred acquisition costs/ commission income – net	<b>340,410</b>	545,881
<b>Gross underwriting income</b>	<b>38,377,750</b>	34,966,477
Gross claims paid	<b>(19,168,888)</b>	(11,964,684)
Reinsurers' share of insurance claims and loss adjustment expenses	<b>11,945,689</b>	5,901,746
<b>Net claims paid</b>	<b>(7,223,199)</b>	(6,062,938)
Movement in claims under settlement reserve, incurred but not reported reserve and unallocated loss adjustment expense reserve	<b>(1,888,533)</b>	(978,707)
Earnings and cancellations of life insurance policies	<b>(23,998,586)</b>	(16,421,465)
Movement in mathematical reserves	<b>7,716,331</b>	(375,036)
<b>Net claims incurred</b>	<b>(25,393,987)</b>	(23,838,146)
<b>Net underwriting income</b>	<b>12,983,763</b>	11,128,331
Income from financial investments	<b>8,619,115</b>	10,318,707
Income from investments properties - net	<b>2,640,897</b>	3,441,315
Foreign currency exchange gain	<b>114,890</b>	37,041
Other income	<b>507,459</b>	632,553
<b>Total income</b>	<b>24,866,124</b>	25,557,947
General and administrative expenses	<b>(6,729,572)</b>	(6,983,618)
Provision for expected credit loss	<b>-</b>	(2,639,845)
Bonuses and rebates (net of reinsurance)	<b>(6,753,281)</b>	(5,148,692)
Other operating expenses	<b>(906,469)</b>	(525,856)
<b>Profit for the period</b>	<b>10,476,802</b>	10,259,936
<b>Basic and diluted earnings per share (Note 17)</b>	<b>10.48</b>	10.26

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

**Condensed statement of comprehensive income (unaudited)  
for the three months period ended 31 March 2021**

	<b>Three months period ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
Profit for the period	<b>10,476,802</b>	10,259,936
<b>Other comprehensive income/(loss)</b>	<hr/>	<hr/>
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net unrealised gain/(loss) from investments at fair value through other comprehensive income (FVOCI)	<b>606,745</b>	(678,127)
<b>Total comprehensive income for the period</b>	<b>11,083,547</b>	9,581,809
	<hr/> <hr/>	<hr/> <hr/>

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

**Condensed statement of changes in equity  
for the three months period ended 31 March 2021**

	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 2019 (Audited)	100,000,000	85,335,163	75,745,963	217,000,000	-	(6,123,749)	43,414,150	515,371,527
Profit for the period	-	-	-	-	-	-	10,259,936	10,259,936
Other comprehensive loss for the period	-	-	-	-	-	(678,127)	-	(678,127)
Total comprehensive income for the period	-	-	-	-	-	(678,127)	10,259,936	9,581,809
Balance at 31 March 2020 (Unaudited)	100,000,000	85,335,163	75,745,963	217,000,000	-	(6,801,876)	53,674,086	524,953,336
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	-	-	-	-	-	-	10,476,802	10,476,802
Other comprehensive income for the period	-	-	-	-	-	606,745	-	606,745
Total comprehensive income for the period	-	-	-	-	-	606,745	10,476,802	11,083,547
<b>Balance at 31 March 2021 (Unaudited)</b>	<b>100,000,000</b>	<b>89,549,184</b>	<b>79,959,984</b>	<b>222,000,000</b>	<b>869,651</b>	<b>(4,981,641)</b>	<b>50,584,975</b>	<b>537,982,153</b>

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



**Condensed statement of cash flows (unaudited)  
for the three months period ended 31 March 2021**

	<b>Three months period ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
<b>Cash flows from operating activities</b>		
Profit for the period	<b>10,476,802</b>	10,259,936
Adjustments for:		
Depreciation of property and equipment	<b>183,850</b>	210,272
Property and equipment written off during the period	<b>90,020</b>	-
Interest income from investments at amortised cost	<b>(4,677,416)</b>	(3,695,340)
Amortisation of fees, premiums and discounts on investments	<b>416,227</b>	375,294
Interest income from deposits	<b>(3,139,506)</b>	(5,729,863)
Interest income from loans guaranteed by life insurance policies	<b>(802,193)</b>	(893,504)
Income from investment properties	<b>(2,640,897)</b>	(3,441,315)
Provision for employees' end of service indemnity	<b>137,248</b>	116,466
Provision for expected credit loss	<b>-</b>	2,639,845
	<hr/>	<hr/>
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>44,135</b>	(158,209)
Increase in insurance, other receivables and prepayments	<b>(16,839,027)</b>	(13,159,375)
Decrease/(increase) in reinsurance contract assets	<b>10,505,646</b>	(4,015,794)
(Decrease)/increase in technical provisions	<b>(15,893,258)</b>	4,547,054
Increase/(decrease) in accounts payable, insurance liabilities and premium collected in advance	<b>1,120,647</b>	(3,751,827)
Increase in deferred acquisition cost	<b>(923,632)</b>	(564,852)
Increase in deferred commission income	<b>583,222</b>	18,971
	<hr/>	<hr/>
<b>Cash generated used in operations</b>	<b>(21,402,267)</b>	(17,084,032)
Employees end of service indemnity paid	<b>(343,278)</b>	(25,325)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(21,745,545)</b>	(17,109,357)
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<b>(4,753)</b>	(90,000)
Net increase in loans guaranteed by life insurance policies	<b>782,331</b>	(176,104)
Purchases of financial investments at amortised cost	<b>-</b>	(35,501,840)
Income received on deposits	<b>489,072</b>	1,095,969
Income received from investments at amortised cost	<b>3,945,766</b>	1,569,919
Deposits encashed during the period	<b>6,771,875</b>	20,300,000
Income received from investment properties	<b>8,106,657</b>	8,380,263
	<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>	<b>20,090,948</b>	(4,421,793)
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,654,597)</b>	(21,531,150)
	<hr/>	<hr/>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>48,691,929</b>	77,801,820
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>47,037,332</b>	56,270,670
	<hr/> <hr/>	<hr/> <hr/>

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

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021**

**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 Supplementary condensed interim statement of financial position for persons and fund accumulation operations**

	<b>March 2021 (unaudited) AED</b>	December 2020 (audited) AED
<b>ASSETS</b>		
Property and equipment	2,203,427	2,400,080
Investment properties	123,595,000	123,595,000
Investments at amortised cost	245,442,131	245,775,581
Loans guaranteed by life insurance policies	48,478,642	48,458,780
Reinsurance contract assets	2,563,855	2,492,524
Deferred acquisition costs	198,741	198,033
Premium and insurance balances receivable	1,005,503	477,780
Other receivables and prepayments	14,383,062	10,892,996
Statutory deposits	2,228,125	2,000,000
Deposits	254,844,269	260,331,785
Cash and cash equivalents	11,131,262	14,690,701
Inter-division balance	122,565,725	122,794,303
<b>Total assets</b>	<b>828,639,742</b>	<b>834,107,563</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	50,000,000	50,000,000
Statutory reserve	42,942,387	42,942,387
Regular reserve	38,147,787	38,147,787
General reserve	107,552,461	107,552,461
Reinsurance reserve	23,780	23,780
Retained earnings	23,655,408	18,998,514
<b>Total equity</b>	<b>262,321,823</b>	<b>257,664,929</b>
<b>Liabilities</b>		
Provision for employees' end of service indemnity	2,020,699	2,254,298
Accounts payable	20,418,278	12,743,566
	<b>22,438,977</b>	<b>14,997,864</b>
<b>Insurance liabilities</b>		
Insurance liabilities	27,315,830	37,283,112
Premium collected in advance	8,947,547	9,198,901
Deferred commission income	1,187	2,279
	<b>36,264,564</b>	<b>46,484,292</b>

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**1. Segment information (continued)**

**1.1 Supplementary condensed interim statement of financial position for persons and fund accumulation operations (continued)**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
<b>Insurance contract liabilities – Technical provisions</b>		
Unearned premium reserve	<b>1,886,237</b>	1,625,502
Claims under settlement reserve	<b>2,355,358</b>	2,240,882
Incurred but not reported reserve	<b>1,268,367</b>	1,236,511
Unallocated loss adjustment expense reserve	<b>21,458</b>	23,161
Unexpired risk reserve	<b>241,931</b>	277,064
Mathematical reserve	<b>501,841,027</b>	509,557,358
	<hr/>	<hr/>
<b>Total insurance contract liabilities</b>	<b>507,614,378</b>	514,960,478
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>566,317,919</b>	576,442,634
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>828,639,742</b>	834,107,563
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**1. Segment information (continued)**

**1.2 Supplementary condensed interim statement of profit or loss for insurance of persons and fund accumulation operations (unaudited)**

	<b>Three months period ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
Gross premium	<b>26,632,638</b>	26,530,232
Reinsurers' share of gross premiums	<b>(1,032,391)</b>	(899,379)
<b>Net premium</b>	<b>25,600,247</b>	25,630,853
Net change in unearned premium/unexpired risk	<b>(224,342)</b>	(130,315)
<b>Net premiums earned</b>	<b>25,375,905</b>	25,500,538
Commissions received	<b>11,697</b>	27,158
Commissions paid	<b>(1,669,514)</b>	(2,320,539)
Movement in deferred acquisition costs/ commission income – net	<b>1,800</b>	50,147
<b>Gross underwriting income</b>	<b>23,719,888</b>	23,257,304
Gross claims paid	<b>(1,752,683)</b>	(904,449)
Reinsurers' share of insurance claims and loss adjustment expenses	<b>823,229</b>	358,194
<b>Net claims paid</b>	<b>(929,454)</b>	(546,255)
Movement in claims under settlement reserve, incurred but not reported reserve and unallocated loss adjustment expense reserve	<b>(74,559)</b>	(190,675)
Earnings and cancellations of life insurance policies	<b>(23,998,586)</b>	(16,421,465)
Movement in mathematical reserves	<b>7,716,331</b>	(375,036)
<b>Net claims incurred</b>	<b>(17,286,268)</b>	(17,533,431)
<b>Net underwriting profit</b>	<b>6,433,620</b>	5,723,873
Income from financial investments	<b>5,722,447</b>	6,707,152
Income from investments properties - net	<b>1,753,777</b>	2,130,681
Foreign currency exchange gain	<b>105,992</b>	36,570
Other income	<b>29,184</b>	12,460
<b>Total income</b>	<b>14,045,020</b>	14,610,736
General and administrative expenses	<b>(2,550,204)</b>	(2,604,983)
Provision for expected credit loss	<b>-</b>	(2,014,668)
Bonuses and rebates (net of reinsurance)	<b>(6,753,281)</b>	(5,148,692)
Other operating expenses	<b>(84,641)</b>	(102,861)
<b>Profit for the period</b>	<b>4,656,894</b>	4,739,532

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**1. Segment information (continued)**

**1.3 Supplementary condensed interim statement of financial position for property and liability insurance**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
<b>ASSETS</b>		
Property and equipment	1,789,025	1,861,489
Investment properties	76,845,000	76,845,000
Investments at amortised cost	89,764,252	89,847,029
Investments at fair value through other comprehensive income (FVOCI)	5,781,925	5,175,180
Reinsurance contract assets	179,621,953	190,198,930
Deferred acquisition costs	6,662,051	5,739,127
Premium and insurance balances receivable	85,950,167	74,447,075
Other receivables and prepayments	14,722,799	10,693,867
Statutory deposits	8,000,000	8,000,000
Deposits	239,277,499	238,139,549
Cash and cash equivalents	35,906,070	34,001,228
<b>Total assets</b>	<b>744,320,741</b>	<b>734,948,474</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	50,000,000	50,000,000
Statutory reserve	46,606,797	46,606,797
Regular reserve	41,812,197	41,812,197
General reserve	114,447,539	114,447,539
Reinsurance reserve	845,871	845,871
Cumulative change in fair value of FVOCI investments	(4,981,641)	(5,588,386)
Retained earnings	26,929,567	21,109,659
<b>Total equity</b>	<b>275,660,330</b>	<b>269,233,677</b>
<b>Liabilities</b>		
Provision for employees' end of service indemnity	2,757,714	2,730,145
Accounts payable	82,621,043	70,482,897
Inter-division balance	122,565,725	122,794,303
	<b>207,944,482</b>	<b>196,007,345</b>
<b>Insurance liabilities</b>		
Insurance liabilities	36,125,200	37,153,879
Deferred commission income	5,289,276	4,704,962
	<b>41,414,476</b>	<b>41,858,841</b>

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**1. Segment information (continued)**

**1.3 Supplementary condensed interim statement of financial position for property and liability insurance (continued)**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
<b>Insurance contract liabilities – Technical provisions</b>		
Unearned premium reserve	<b>97,461,127</b>	92,772,796
Claims under settlement reserve	<b>100,757,079</b>	117,518,050
Incurred but not reported reserve	<b>20,167,366</b>	16,385,818
Unallocated loss adjustment expense reserve	<b>686,414</b>	558,025
Unexpired risk reserve	<b>229,467</b>	613,922
	<hr/>	<hr/>
<b>Total insurance contract liabilities</b>	<b>219,301,453</b>	227,848,611
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>468,660,411</b>	465,714,797
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>744,320,741</b>	734,948,474
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**1. Segment information (continued)**

**1.4 Supplementary condensed interim statement of profit or loss for property and liability insurance  
(Unaudited)**

	<b>Three months period ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
Gross premium	<b>67,168,325</b>	38,283,755
Reinsurers' share of gross premiums	<b>(54,251,518)</b>	(29,588,836)
	<hr/>	<hr/>
<b>Net premium</b>	<b>12,916,807</b>	8,694,919
Net change in unearned premium/unexpired risk	<b>(215,844)</b>	952,798
	<hr/>	<hr/>
<b>Net premiums earned</b>	<b>12,700,963</b>	9,647,717
Commissions received	<b>4,409,033</b>	2,710,834
Commissions paid	<b>(2,790,744)</b>	(1,145,112)
Movement in deferred acquisition costs/ commission income – net	<b>338,610</b>	495,734
	<hr/>	<hr/>
<b>Gross underwriting income</b>	<b>14,657,862</b>	11,709,173
	<hr/>	<hr/>
Gross claims paid	<b>(17,416,205)</b>	(11,060,235)
Reinsurers' share of insurance claims and loss adjustment expenses	<b>11,122,460</b>	5,543,552
	<hr/>	<hr/>
<b>Net claims paid</b>	<b>(6,293,745)</b>	(5,516,683)
	<hr/>	<hr/>
Movement in claims under settlement reserve, incurred but not reported reserve and unallocated loss adjustment expense reserve	<b>(1,813,974)</b>	(788,032)
	<hr/>	<hr/>
<b>Net claims incurred</b>	<b>(8,107,719)</b>	(6,304,715)
	<hr/>	<hr/>
<b>Net underwriting profit</b>	<b>6,550,143</b>	5,404,458
Income from financial investments	<b>2,896,668</b>	3,611,555
Income from investments properties - net	<b>887,120</b>	1,310,634
Foreign currency exchange gain	<b>8,898</b>	471
Other income	<b>478,275</b>	620,093
	<hr/>	<hr/>
<b>Total income</b>	<b>10,821,104</b>	10,947,211
	<hr/>	<hr/>
General and administrative expenses	<b>(4,179,368)</b>	(4,378,635)
Provision for expected credit loss	<b>-</b>	(625,177)
Other operating expenses	<b>(821,828)</b>	(422,995)
	<hr/>	<hr/>
<b>Profit for the period</b>	<b>5,819,908</b>	5,520,404
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (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.

**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 2021 have been adopted in this condensed interim financial information. 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.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed financial information of the Company. The Company intends to use the practical expedients in future periods if they become applicable.



**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (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**

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

- IFRS 17 ‘Insurance Contracts’ relating to providing a more uniform measurement and presentation approach for all insurance contracts (effective for annual periods beginning after 1 January 2023).
- Amendments to IFRS 10 ‘Consolidated Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures’ (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture (effective date deferred indefinitely, early adoption permitted).
- IAS 1 ‘Presentation of Financial Statements’ – Amendments on Classifications. Effective for annual period beginning on or after 1 January 2023.
- Amendments relating IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning on or after 1 January 2022).
- IFRS 4 relating to amendments regarding the expiry date of the deferral approach. The fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 is now 1 January 2023.
- Amendments to IFRS 9 that clarifies that for the purpose of performing the ‘10 per cent test’ for derecognition of financial liabilities in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The amendments are effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.
- Amendments to IFRS 16 to extend the exemption from assessing whether a COVID-19 related rent concession is a lease modification (effective for annual periods beginning on or after 1 April 2021).
- Amendments regarding Disclosure of Accounting policies (IAS 1 and IFRS practice statement 2) and amendments regarding Definition of Accounting estimates, IAS 8 (effective for annual periods beginning on or after 1 January 2023).

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.

**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.

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)****4. Summary of significant accounting policies (continued)****4.1 Basis of preparation (continued)**

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 2020.

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 2020. In addition, results for the three months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

*Coronavirus (COVID-19) outbreak and its impact on the Company*

With the rapid development of the coronavirus disease (COVID-19) outbreak, the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations including the United Arab Emirates (UAE).

Management has considered the unique circumstances and the risk exposures of the Company that could have a material impact on the business operations and has concluded that the main impacts on the Company's profitability/liquidity position may arise from:

- recoverability of premium and insurance balances receivable,
- unavailability of personnel,
- reduction in gross premium due to non-renewal of policies, and
- decrease in the market value of investments held by the Company.

Based on the above consideration, management has concluded that there is no significant impact on the Company's profitability position as at reporting date.

The Company has performed stress testing as required by the Insurance Authority of UAE on a monthly basis approved by the Board of Directors, who are satisfied that the Company will continue to operate as a going concern. Accordingly, this condensed interim financial information have been prepared on a going concern basis. Management will continue to monitor the situation and, will take necessary and appropriate actions on a timely basis to respond to this unprecedented situation.

*4.1.1 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 2020.

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)****5. Changes in judgements and estimation uncertainty**

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2020, with the exception of the impact of the novel coronavirus (COVID-19) outbreak on the Company which is detailed below.

The existence of novel coronavirus was confirmed in early 2020 and has spread globally, causing disruptions to businesses and economic activity. In light of the rapid spread of COVID-19 across the globe, various economies and sectors have faced significant disruptions and uncertainty as a result of measures taken by governments to contain or delay the spread of the virus. As of to date, the actual scope of the impact is very difficult to measure, and until now, only subjective assessment of the impact can be used.

*Recoverability of premium and insurance balances receivable*

The COVID-19 outbreak led to a significant increase in the credit risk of companies within the economy as a result of operational disruption.

Based on management's assessment, the Company has not identified a material impact to the recoverability of premium and insurance balances receivable for the period ended 31 March 2021.

*Fair value measurement of financial instruments*

COVID-19 outbreak led to significant market turmoil and price volatility on the global financial markets. The Company is closely monitoring whether the fair values of the financial assets and liabilities represent the price that would be achieved for transactions between market participants in the current scenario.

Based on management's assessment, the Company has not identified a material impact to the fair values of financial assets and liabilities for the period ended 31 March 2021 other than the change which is already reflected in the condensed interim financial information.

*Fair value measurement of investment properties*

Based on management's assessment, there is limited information available on the 2021 outlook for the real estate market and how the situation will progress in light of COVID-19. The Company has not identified any significant impact to the fair values of investment properties for the period ended 31 March 2021. The Company will consistently monitor the market and ensure that the prices used by the Company are an accurate representation of fair values.

*Outstanding claims*

The Company has performed an assessment of the impact of COVID-19 on its contractual arrangements and provisions for outstanding claims which included regular sensitivity analyses. The Company determined that there is no material impact on its risk position and provision balances for outstanding claims for the period ended 31 March 2021. The Company will continue monitoring its claims experience and the developments around the pandemic and revisit the assumptions and methodologies in future reporting periods.

**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 31 March 2021 (31 December 2020: Level 3).

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**7. Financial investments**

**7.1 Investments at amortised cost**

Investment in securities comprises of the following:

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Quoted bonds	<b>335,978,383</b>	336,394,610
Provision for expected credit loss	<b>(772,000)</b>	(772,000)
	<b>335,206,383</b>	335,622,610

The bonds carry interest at the rates ranging from 4.75% to 7.5% (2020: 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.

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Inside UAE	<b>201,016,512</b>	201,205,117
Outside UAE	<b>134,189,871</b>	134,417,493
	<b>335,206,383</b>	335,622,610

**7.2 Investments carried at FVOCI**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Quoted equity securities in UAE	<b>5,781,925</b>	5,175,180

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**7. Financial investments (continued)**

**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 2019	4,639,817	237,119,127	241,758,944
Purchases	-	101,081,228	101,081,228
Amortised	-	(1,805,745)	(1,805,745)
Changes in fair value	535,363	-	535,363
Provision for expected credit loss	-	(772,000)	(772,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	5,175,180	335,622,610	340,797,790
Amortised	-	(416,227)	(416,227)
Changes in fair value	606,745	-	606,745
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2021</b>	<b>5,781,925</b>	<b>335,206,383</b>	<b>340,988,308</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**8. Insurance contract liabilities - Technical provisions**

	31 March 2021 (unaudited) AED	31 December 2020 (audited) AED
<b>Gross</b>		
<b>Insurance contract liabilities - Technical provisions:</b>		
Unearned premium reserve	99,347,364	94,398,298
Claims under settlement reserve	103,112,437	119,758,932
Incurred but not reported reserve	21,435,733	17,622,329
Unallocated loss adjustment expense reserve	707,872	581,186
Unexpired risk reserve	471,398	890,986
Mathematical reserve	501,841,027	509,557,358
<b>Total technical provisions – gross</b>	<b>726,915,831</b>	<b>742,809,089</b>
	<hr/>	<hr/>
<b>Reinsurance contract assets:</b>		
Unearned premium reserve	69,127,462	65,035,918
Claims under settlement reserve	95,820,191	113,948,965
Incurred but not reported reserve	17,175,381	13,641,545
Unexpired risk reserve	62,774	65,026
<b>Total reinsurers' share of technical provisions</b>	<b>182,185,808</b>	<b>192,691,454</b>
	<hr/>	<hr/>
<b>Net</b>		
Unearned premium reserve	30,219,902	29,362,380
Claims under settlement reserve	7,292,246	5,809,967
Incurred but not reported reserve	4,260,352	3,980,784
Unallocated loss adjustment expense reserve	707,872	581,186
Unexpired risk reserve	408,624	825,960
Mathematical reserve	501,841,027	509,557,358
	<hr/>	<hr/>
	<b>544,730,023</b>	<b>550,117,635</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**9. Premium and insurance balances receivable**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Due from policyholders	<b>56,244,905</b>	47,102,097
Due from insurance or reinsurance companies	<b>3,387,570</b>	3,961,037
Due from brokers or agents	<b>30,595,648</b>	27,134,174
Less: Provision for expected credit losses	<b>(3,272,453)</b>	(3,272,453)
	<b>86,955,670</b>	74,924,855

**Within U.A.E.**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Due from policyholders	<b>56,244,905</b>	47,102,097
Due from insurance or reinsurance companies	<b>1,795,042</b>	1,843,751
Due from brokers or agents	<b>30,595,648</b>	27,134,174
Less: Provision for expected credit losses	<b>(3,272,453)</b>	(3,272,453)
	<b>85,363,142</b>	72,807,569

**Outside U.A.E.**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Due from insurance or reinsurance companies	<b>1,592,528</b>	2,117,286

**10. Other receivables and prepayments**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Receivable from employees	<b>176,495</b>	358,499
Refundable deposits	<b>166,249</b>	161,870
Prepayments	<b>3,923,085</b>	1,638,449
Others	<b>26,319,444</b>	20,907,457
Less: Provision for impairment	<b>(1,479,412)</b>	(1,479,412)
	<b>29,105,861</b>	21,586,863

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**11. Statutory deposit**

As at 31 March 2021, deposit of AED 10,228,125 (31 December 2020: AED 10,000,000) has been placed with one of the Company's bankers, in accordance with Article 42 of U.A.E. Federal Law No. (6) of 2007 regarding 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 favour of the Insurance Authority for the same amount. This deposit cannot be withdrawn without prior approval of the Insurance Authority and bears an interest rate of 3% to 3.5% per annum. (31 December 2020: 3% to 3.5% per annum).

**12. Deposits**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Short term deposits with banks in the UAE	<b>425,877,150</b>	432,877,150
Accrued interest	<b>4,597,874</b>	2,483,548
<b>Subtotal A (current portion)</b>	<b>430,475,024</b>	435,360,698
Long term deposits with banks in the UAE	<b>61,600,000</b>	61,600,000
Accrued interest	<b>2,811,091</b>	2,274,983
<b>Subtotal B (non-current portion)</b>	<b>64,411,091</b>	63,874,983
Provision for expected credit loss (C)	<b>(764,347)</b>	(764,347)
<b>Grand total (A+B+C)</b>	<b>494,121,768</b>	498,471,334

Deposits comprise fixed deposits with banks bearing annual interest at rates ranging from 0.80% to 5.25% (31 December 2020: 0.93% to 5.25%)

**13. Cash and cash equivalents**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Cash on hand	<b>91,000</b>	844,894
Current accounts with banks	<b>46,968,964</b>	47,869,667
Provision for expected credit losses	<b>(22,632)</b>	(22,632)
	<b>47,037,332</b>	48,691,929

Bank balances are maintained with banks in U.A.E.

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**14. Share capital**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Issued and fully paid: 1,000,000 ordinary shares of AED 100 each	<b>100,000,000</b>	100,000,000

**15. Accounts payable**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Payables inside UAE	<b>14,232,586</b>	11,922,715
Payables outside UAE	<b>59,783,193</b>	51,844,991
Other payables (note 15.1)	<b>29,023,542</b>	19,458,757
	<b>103,039,321</b>	83,226,463
	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
<b>Within U.A.E.</b>		
Insurance companies	<b>3,912,148</b>	3,846,438
Insurance brokers	<b>10,320,438</b>	8,076,277
Other payables (note 15.1)	<b>29,023,542</b>	19,458,757
	<b>43,256,128</b>	31,381,472
	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
<b>Outside U.A.E.</b>		
Insurance companies	<b>1,065,922</b>	108,472
Reinsurance companies	<b>58,717,271</b>	51,736,519
	<b>59,783,193</b>	51,844,991



**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**15. Accounts payable (continued)**

**15.1 Other payables**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Provision for staff benefits	<b>4,206,648</b>	4,206,410
Rent received in advance	<b>8,156,771</b>	711,875
Accruals and provision	<b>1,524,598</b>	856,021
Other payables	<b>15,135,525</b>	13,684,451
	<b>29,023,542</b>	19,458,757

**16. Insurance contract liabilities**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Maturity payable	<b>17,675,972</b>	23,837,282
Bonus and surrenders payable	<b>8,204,773</b>	12,138,543
Claims payable	<b>774,322</b>	2,280,033
Other insurance payables	<b>36,785,963</b>	36,181,133
	<b>63,441,030</b>	74,436,991

**17. Basic and diluted earnings per share**

	<b>Three months period ended 31 March</b>	
	<b>2021 (unaudited)</b>	2020 (unaudited)
Profit for the period (in AED)	<b>10,476,802</b>	10,259,936
Number of shares	<b>100,000,000</b>	100,000,000
<b>Basic and diluted earnings per share (in AED)</b>	<b>10.48</b>	10.26

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.

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**18. 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:

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Due from related parties	<b>1,275,663</b>	1,253,171

**Transactions:**

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

	<b>Three months period ended 31 March</b>	
	<b>2021 (unaudited) AED</b>	2020 (unaudited) AED
Premium	<b>1,002,095</b>	1,468,060
Claims paid	<b>7,000</b>	354,279
Directors' and key management personnel remuneration including benefits	<b>530,886</b>	475,852

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

**19. Contingent liabilities**

	<b>31 March 2021 (unaudited) AED</b>	31 December 2020 (audited) AED
Letters of guarantee	<b>10,853,330</b>	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.

**Notes to the condensed interim financial information  
for the three months period ended 31 March 2021 (continued)**

**20. 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 2020.

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
	31 March 2021 (unaudited) AED	31 December 2020 (audited) AED		
Quoted equity securities – FVOCI	5,781,925	5,175,180	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.

**21. Seasonality of results**

No income of seasonal nature was recorded in the condensed statement of profit or loss for the three months period ended 31 March 2021 and 2020.

**22. Dividend**

At the Annual General Meeting held on 12 April 2021, the Shareholders approved a cash dividend of AED 30 million at AED 30 per share for 2020 (2019: AED 30 million at AED 30 per share). The dividend is not accounted as a liability in this condensed interim financial information as the annual general meeting happened after 31 March 2021.

**23. Approval of the condensed interim financial information**

The condensed interim financial information were approved by the Board of Directors and authorised for issue on 9 May 2021.