

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

**Review report and condensed interim financial information
for the six months period ended 30 June 2021**

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")**, Dubai, United Arab Emirates, as at 30 June 2021 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 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 August 2021
Sharjah, United Arab Emirates

**Condensed statement of financial position
at 30 June 2021**

	Notes	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
ASSETS			
Property and equipment		3,839,300	4,261,569
Investment properties	6	200,440,000	200,440,000
Investments at amortised cost	7.1	334,787,133	335,622,610
Investments at fair value through other comprehensive income (FVOCI)	7.2	6,067,452	5,175,180
Loans guaranteed by life insurance policies		48,355,645	48,458,780
Reinsurance contract assets	8	177,465,244	192,691,454
Deferred acquisition costs		5,648,122	5,937,160
Premium and insurance balances receivable	9	77,398,038	74,924,855
Other receivables and prepayments	10	24,140,879	21,586,863
Statutory deposits	11	10,228,125	10,000,000
Deposits	12	457,812,722	498,471,334
Cash and cash equivalents	13	56,630,358	48,691,929
Total assets		1,402,813,018	1,446,261,734
EQUITY AND LIABILITIES			
Capital and reserves			
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		(4,696,114)	(5,588,386)
Retained earnings		32,070,086	40,108,173
Total equity		519,752,791	526,898,606
Liabilities			
Provision for employees' end of service indemnity		4,498,442	4,984,443
Accounts payable	15	88,147,278	83,226,463
		92,645,720	88,210,906
Insurance liabilities			
Insurance liabilities	16	68,212,696	74,436,991
Premium collected in advance		9,645,476	9,198,901
Deferred commission income		6,087,205	4,707,241
		83,945,377	88,343,133


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

**Condensed statement of financial position
at 30 June 2021(continued)**


	Notes	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Insurance contract liabilities – technical provisions	8		
Unearned premium reserve		95,601,039	94,398,298
Claims under settlement reserve		95,337,919	119,758,932
Incurred but not reported reserve		22,831,756	17,622,329
Unallocated loss adjustment expense reserve		723,382	581,186
Unexpired risk reserve		572,026	890,986
Mathematical reserve		491,403,008	509,557,358
Total insurance contract liabilities		706,469,130	742,809,089
Total liabilities		883,060,227	919,363,128
Total equity and liabilities		1,402,813,018	1,446,261,734

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 Maktoum
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 six months period ended 30 June 2021**

	Three months period ended		Six months period ended	
	2021 AED	30 June 2020 AED	2021 AED	30 June 2020 AED
Gross premiums	74,043,464	63,232,121	167,844,427	128,046,108
Reinsurance share of gross premiums	(43,484,287)	(29,676,912)	(98,768,196)	(60,165,127)
Net premium	30,559,177	33,555,209	69,076,231	67,880,981
Net change in unearned premium/unexpired risk reserves	5,848,085	(3,583,020)	5,407,899	(2,760,537)
Net premium earned	36,407,262	29,972,189	74,484,130	65,120,444
Commissions received	3,525,780	2,980,218	7,946,510	5,718,210
Commissions paid	(3,182,726)	(3,893,504)	(7,642,984)	(7,359,155)
Movement in deferred acquisition costs/ commission income – net	(2,009,412)	(229,333)	(1,669,002)	316,548
Gross underwriting income	34,740,904	28,829,570	73,118,654	63,796,047
Gross claims paid	(18,299,989)	(8,594,462)	(37,468,877)	(20,559,146)
Reinsurance share of insurance claims and loss adjustment expenses	11,559,138	3,873,761	23,504,827	9,775,507
Net claims paid	(6,740,851)	(4,720,701)	(13,964,050)	(10,783,639)
Movement in outstanding claims, incurred but not reported claims reserve, and unallocated loss adjustment expense reserve	(559,967)	1,189,371	(2,448,500)	210,664
Earnings and cancellations of life insurance policies	(23,690,538)	(23,629,502)	(47,689,124)	(40,050,967)
Decrease in mathematical reserves	10,438,019	14,256,590	18,154,350	13,881,554
Net claims incurred	(20,553,337)	(12,904,242)	(45,947,324)	(36,742,388)
Net underwriting income	14,187,567	15,925,328	27,171,330	27,053,659
Income from financial investments	8,811,894	10,332,105	17,431,009	20,650,812
Income from investment properties - net	2,338,645	3,128,883	4,979,542	6,570,198
Foreign currency exchange gain	71,975	65,342	186,865	102,383
Other income	743,361	356,483	1,250,820	989,036
Total income	26,153,442	29,808,141	51,019,566	55,366,088
General and administrative expenses	(6,749,071)	(6,811,991)	(13,478,643)	(13,795,609)
Provision for expected credit loss	-	-	-	(2,639,845)
Bonuses and rebates (net of reinsurance)	(7,334,404)	(8,016,865)	(14,087,685)	(13,165,557)
Other operating expenses	(584,856)	(448,171)	(1,491,325)	(974,027)
Profit for the period	11,485,111	14,531,114	21,961,913	24,791,050
Basic and diluted earnings per share (Note 17)	11.49	14.53	21.96	24.79

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 2021**

	Three months period ended		Six months period ended	
	2021	30 June	2021	30 June
	AED	AED	AED	AED
Profit for the period	11,485,111	14,531,114	21,961,913	24,791,050
Other comprehensive income/(loss)				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Net unrealised gain/(loss) from FVOCI investments	285,527	178,454	892,272	(499,673)
Total comprehensive income for the period	11,770,638	14,709,568	22,854,185	24,291,377

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 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	-	-	-	-	-	-	24,791,050	24,791,050
Other comprehensive loss for the period	-	-	-	-	-	(499,673)	-	(499,673)
Dividends paid (Note 22)	-	-	-	-	-	-	(30,000,000)	(30,000,000)
Transfer to general reserve	-	-	-	5,000,000	-	-	(5,000,000)	-
Balance at 30 June 2020 (Unaudited)	100,000,000	85,335,163	75,745,963	222,000,000	-	(6,623,422)	33,205,200	509,662,904
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 income for the period	-	-	-	-	-	892,272	-	892,272
Dividends paid (Note 22)	-	-	-	-	-	-	(30,000,000)	(30,000,000)
Balance at 30 June 2021 (Unaudited)	100,000,000	89,549,184	79,959,984	222,000,000	869,651	(4,696,114)	32,070,086	519,752,791

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 2021**

	Six months period ended 30 June	
	2021	2020
	AED	AED
Cash flows from operating activities		
Profit for the period	21,961,913	24,791,050
Adjustments for:		
Depreciation of property and equipment	367,084	470,747
Property and equipment written off during the period	90,020	-
Interest income from investments at amortised cost	(9,408,401)	(7,341,738)
Amortisation of fees, premiums and discounts on investments	835,477	882,213
Interest income from deposits	(6,182,203)	(11,209,990)
Interest income from loans guaranteed by life insurance policies	(1,554,880)	(1,742,177)
Dividend income	(285,525)	(356,907)
Income from investment properties	(4,979,542)	(6,570,198)
Provision for employees' end of service indemnity	261,834	231,577
Provision for expected credit loss	-	2,639,845
Operating cash flows before changes in operating assets and liabilities	1,105,777	1,794,422
Increase in insurance, other receivables, and prepayments	(4,847,966)	(22,122,088)
Decrease/(increase) in reinsurance share of technical provisions	15,226,210	(12,665,050)
(Decrease)/increase in technical reserves	(36,339,959)	1,333,369
Decrease/(increase) in deferred acquisition cost reserves	289,038	(608,157)
Increase in deferred commission income	1,379,964	291,609
(Decrease)/increase in accounts payable, insurance liabilities and premium collected in advance	(6,773,459)	10,536,384
Cash used in operations	(29,960,395)	(21,439,511)
Employees end of service indemnity paid	(747,835)	(660,632)
Net cash used in operating activities	(30,708,230)	(22,100,143)
Cash flows from investing activities		
Purchase of property and equipment	(34,835)	(119,080)
Net increase in loans guaranteed by life insurance policies	1,658,015	1,143,086
Purchases of financial investments at amortised cost	-	(35,500,069)
Income received on deposits	4,260,773	6,250,604
Income received from investments at amortised cost	11,382,035	7,238,825
Deposits encashed during the period	42,351,917	19,097,053
Dividend income received	285,525	356,907
Rental income received from investment properties	8,743,229	8,981,623
Net cash generated from investing activities	68,646,659	7,448,949
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 increase/(decrease) in cash and cash equivalents	7,938,429	(44,651,194)
Cash and cash equivalents at the beginning of the period	48,691,929	77,801,820
Cash and cash equivalents at the end of the period	56,630,358	33,150,626

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 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

	June 2021 (unaudited) AED	December 2020 (audited) AED
ASSETS		
Property and equipment	2,094,001	2,400,080
Investment properties	123,595,000	123,595,000
Investments at amortised cost	245,106,577	245,775,581
Loans guaranteed by life insurance policies	48,355,645	48,458,780
Reinsurance contract assets	2,670,900	2,492,524
Deferred acquisition costs	194,218	198,033
Premium and insurance balances receivable	1,346,074	477,780
Other receivables and prepayments	11,982,613	10,892,996
Statutory deposits	2,228,125	2,000,000
Deposits	231,052,043	260,331,785
Cash and cash equivalents	21,529,337	14,690,701
Inter-division balance	113,587,226	122,794,303
Total assets	803,741,759	834,107,563
EQUITY AND LIABILITIES		
Capital and reserves		
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	13,799,576	18,998,514
Total equity	252,465,991	257,664,929
Liabilities		
Provision for employees' end of service indemnity	2,083,140	2,254,298
Accounts payable	14,562,221	12,743,566
	16,645,361	14,997,864
Insurance liabilities		
Insurance liabilities	27,782,635	37,283,112
Premium collected in advance	9,645,476	9,198,901
Deferred commission income	382	2,279
	37,428,493	46,484,292

**Notes to the condensed interim financial information
for the six months period ended 30 June 2021 (continued)**

1. Segment information (continued)

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

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Insurance contract liabilities – Technical provisions		
Unearned premium reserve	1,979,196	1,625,502
Claims under settlement reserve	2,678,415	2,240,882
Incurred but not reported reserve	735,868	1,236,511
Unallocated loss adjustment expense reserve	25,081	23,161
Unexpired risk reserve	380,346	277,064
Mathematical reserve	491,403,008	509,557,358
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Total insurance contract liabilities	497,201,914	514,960,478
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Total liabilities	551,275,768	576,442,634
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Total equity and liabilities	803,741,759	834,107,563
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**Notes to the condensed interim financial information
for the six months period ended 30 June 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)

	Three months period ended		Six months period ended	
	2021	30 June	2021	30 June
	AED	2020	AED	2020
		AED		AED
Gross premiums	23,958,568	22,477,410	50,591,206	49,007,642
Reinsurance share of gross premiums	(706,321)	(893,255)	(1,738,712)	(1,792,634)
Net premium	23,252,247	21,584,155	48,852,494	47,215,008
Net change in unearned premium/unexpired risk reserves	(101,491)	(143,178)	(325,833)	(273,493)
Net premium earned	23,150,756	21,440,977	48,526,661	46,941,515
Commissions received	(42,256)	18,175	(30,559)	45,333
Commissions paid	(1,709,827)	(1,658,128)	(3,379,341)	(3,978,667)
Movement in deferred acquisition costs/ commission income – net	(3,718)	36,432	(1,918)	86,579
Gross underwriting income	21,394,955	19,837,456	45,114,843	43,094,760
Gross claims paid	(1,940,799)	(1,178,043)	(3,693,482)	(2,082,492)
Reinsurance share of insurance claims and loss adjustment expenses	853,120	202,484	1,676,349	560,678
Net claims paid	(1,087,679)	(975,559)	(2,017,133)	(1,521,814)
Movement in outstanding claims, incurred but not reported claims reserve, and unallocated loss adjustment expense reserves	182,982	433,936	108,423	243,261
Earnings and cancellations of life insurance policies	(23,690,538)	(23,629,502)	(47,689,124)	(40,050,967)
Decrease in mathematical reserves	10,438,019	14,256,590	18,154,350	13,881,554
Net claims incurred	(14,157,216)	(9,914,535)	(31,443,484)	(27,447,966)
Net underwriting income	7,237,739	9,922,921	13,671,359	15,646,794
Income from financial investments	5,845,161	6,560,617	11,567,608	13,267,769
Income from investments properties - net	1,652,399	1,989,566	3,406,176	4,120,247
Foreign currency exchange gain	75,533	65,862	181,525	102,432
Other income	12,570	26,657	41,754	39,117
Total income	14,823,402	18,565,623	28,868,422	33,176,359
General and administrative expenses	(2,591,312)	(2,624,939)	(5,141,516)	(5,229,922)
Provision for expected credit loss	-	-	-	(2,014,668)
Bonuses and rebates (net of reinsurance)	(7,334,404)	(8,016,865)	(14,087,685)	(13,165,557)
Other operating expenses	(86,956)	(67,432)	(171,597)	(170,293)
Profit for the period	4,810,730	7,856,387	9,467,624	12,595,919

**Notes to the condensed interim financial information
for the six months period ended 30 June 2021 (continued)**

1. Segment information (continued)

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

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
ASSETS		
Property and equipment	1,745,299	1,861,489
Investment properties	76,845,000	76,845,000
Investments at amortised cost	89,680,556	89,847,029
Investments at fair value through other comprehensive income (FVOCI)	6,067,452	5,175,180
Reinsurance contract assets	174,794,344	190,198,930
Deferred acquisition costs	5,453,904	5,739,127
Premium and insurance balances receivable	76,051,964	74,447,075
Other receivables and prepayments	12,158,266	10,693,867
Statutory deposits	8,000,000	8,000,000
Deposits	226,760,679	238,139,549
Cash and cash equivalents	35,101,021	34,001,228
Total assets	712,658,485	734,948,474
EQUITY AND LIABILITIES		
Capital and reserves		
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	(4,696,114)	(5,588,386)
Retained earnings	18,270,510	21,109,659
Total equity	267,286,800	269,233,677
Liabilities		
Provision for employees' end of service indemnity	2,415,302	2,730,145
Accounts payable	73,585,057	70,482,897
Inter-division balance	113,587,226	122,794,303
	189,587,585	196,007,345
Insurance liabilities		
Insurance liabilities	40,430,061	37,153,879
Deferred commission income	6,086,823	4,704,962
	46,516,884	41,858,841

**Notes to the condensed interim financial information
for the six months period ended 30 June 2021 (continued)**

1. Segment information (continued)

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

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Insurance contract liabilities – Technical provisions		
Unearned premium reserve	93,621,843	92,772,796
Claims under settlement reserve	92,659,504	117,518,050
Incurred but not reported reserve	22,095,888	16,385,818
Unallocated loss adjustment expense reserve	698,301	558,025
Unexpired risk reserve	191,680	613,922
Total insurance contract liabilities	209,267,216	227,848,611
Total liabilities	445,371,685	465,714,797
Total equity and liabilities	712,658,485	734,948,474

**Notes to the condensed interim financial information
for the six months period ended 30 June 2021 (continued)**

1. Segment information (continued)

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

	Three months period ended		Six months period ended	
	2021	30 June	2021	30 June
	AED	2020	AED	2020
		AED		AED
Gross premiums	50,084,896	40,754,711	117,253,221	79,038,466
Reinsurance share of gross premiums	(42,777,966)	(28,783,657)	(97,029,484)	(58,372,493)
Net premium	7,306,930	11,971,054	20,223,737	20,665,973
Net change in unearned premium/ unexpired risk reserves	5,949,576	(3,439,842)	5,733,732	(2,487,044)
Net premium earned	13,256,506	8,531,212	25,957,469	18,178,929
Commissions received	3,568,036	2,962,043	7,977,069	5,672,877
Commissions paid	(1,472,899)	(2,235,376)	(4,263,643)	(3,380,488)
Movement in deferred acquisition costs/ commission income – net	(2,005,694)	(265,765)	(1,667,084)	229,969
Gross underwriting income	13,345,949	8,992,114	28,003,811	20,701,287
Gross claims paid	(16,359,190)	(7,416,419)	(33,775,395)	(18,476,654)
Reinsurance share of insurance claims and loss adjustment expenses	10,706,018	3,671,277	21,828,478	9,214,829
Net claims paid	(5,653,172)	(3,745,142)	(11,946,917)	(9,261,825)
Movement in outstanding claims, incurred but not reported claims reserve, unallocated loss adjustment expense reserve	(742,949)	755,435	(2,556,923)	(32,597)
Net claims incurred	(6,396,121)	(2,989,707)	(14,503,840)	(9,294,422)
Net underwriting income	6,949,828	6,002,407	13,499,971	11,406,865
Income from financial investments	2,966,733	3,771,488	5,863,401	7,383,043
Income from investments property - net	686,246	1,139,317	1,573,366	2,449,951
Foreign currency exchange gain/(loss)	(3,558)	(520)	5,340	(49)
Other income	730,791	329,826	1,209,066	949,919
Total income	11,330,040	11,242,518	22,151,144	22,189,729
General and administrative expenses	(4,157,759)	(4,187,052)	(8,337,127)	(8,565,687)
Provision for expected credit loss	-	-	-	(625,177)
Other operating expenses	(497,900)	(380,739)	(1,319,728)	(803,734)
Profit for the period	6,674,381	6,674,727	12,494,289	12,195,131

**Notes to the condensed interim financial information
for the six months period ended 30 June 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 six months period ended 30 June 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 six months period ended 30 June 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 six months period ended 30 June 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 six months period ended 30 June 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 30 June 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 30 June 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 30 June 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 30 June 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 30 June 2021 (31 December 2020: Level 3).

**Notes to the condensed interim financial information
for the six months period ended 30 June 2021 (continued)**

7. Financial investments

7.1 Investments at amortised cost

Investment in securities comprises of the following:

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Quoted bonds	335,559,133	336,394,610
Provision for expected credit loss	(772,000)	(772,000)
	334,787,133	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.

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Inside UAE	200,827,410	201,205,117
Outside UAE	133,959,723	134,417,493
	334,787,133	335,622,610

7.2 Investments carried at FVOCI

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Quoted equity securities in UAE	6,067,452	5,175,180

**Notes to the condensed interim financial information
for the six months period ended 30 June 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	-	(835,477)	(835,477)
Changes in fair value	892,272	-	892,272
	<hr/>	<hr/>	<hr/>
At 30 June 2021	6,067,452	334,787,133	340,854,585
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8. Insurance contract liabilities - Technical provisions

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Gross		
Insurance contract liabilities - Technical provisions:		
Unearned premium reserve	95,601,039	94,398,298
Claims under settlement reserve	95,337,919	119,758,932
Incurred but not reported reserve	22,831,756	17,622,329
Unallocated loss adjustment expense reserve	723,382	581,186
Unexpired risk reserve	572,026	890,986
Mathematical reserve	491,403,008	509,557,358
	<hr/>	<hr/>
Total technical provisions – gross	706,469,130	742,809,089
	<hr/>	<hr/>
Reinsurance contract assets:		
Unearned premium reserve	71,332,247	65,035,918
Claims under settlement reserve	87,519,694	113,948,965
Incurred but not reported reserve	18,552,926	13,641,545
Unexpired risk reserve	60,377	65,026
	<hr/>	<hr/>
Total reinsurers' share of technical provisions	177,465,244	192,691,454
	<hr/>	<hr/>
Net		
Unearned premium reserve	24,268,792	29,362,380
Claims under settlement reserve	7,818,225	5,809,967
Incurred but not reported reserve	4,278,830	3,980,784
Unallocated loss adjustment expense reserve	723,382	581,186
Unexpired risk reserve	511,649	825,960
Mathematical reserve	491,403,008	509,557,358
	<hr/>	<hr/>
	529,003,886	550,117,635
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed interim financial information
for the six months period ended 30 June 2021 (continued)**

9. Premium and insurance balances receivable

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Due from policyholders	57,267,519	47,102,097
Due from insurance or reinsurance companies	3,791,762	3,961,037
Due from brokers or agents	19,611,210	27,134,174
Less: Provision for expected credit losses	(3,272,453)	(3,272,453)
	<u>77,398,038</u>	<u>74,924,855</u>

Within U.A.E.

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Due from policyholders	57,267,519	47,102,097
Due from insurance or reinsurance companies	1,879,973	1,843,751
Due from brokers or agents	19,611,210	27,134,174
Less: Provision for expected credit losses	(3,272,453)	(3,272,453)
	<u>75,486,249</u>	<u>72,807,569</u>

Outside U.A.E.

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Due from insurance or reinsurance companies	1,911,789	2,117,286
	<u>1,911,789</u>	<u>2,117,286</u>

10. Other receivables and prepayments

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Receivable from employees	128,088	358,499
Refundable deposits	167,682	161,870
Prepayments	3,389,131	1,638,449
Others	21,935,390	20,907,457
Less: Provision for impairment	(1,479,412)	(1,479,412)
	<u>24,140,879</u>	<u>21,586,863</u>

**Notes to the condensed interim financial information
for the six months period ended 30 June 2021 (continued)**

11. Statutory deposit

As at 30 June 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

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Short term deposits with banks in the UAE	390,297,108	432,877,150
Accrued interest on short term deposits	6,234,577	2,483,548
Subtotal A (current portion)	396,531,685	435,360,698
Long term deposits with banks in the UAE	61,600,000	61,600,000
Accrued interest on long term deposits	445,384	2,274,983
Subtotal B (non-current portion)	62,045,384	63,874,983
Provision for expected credit loss (C)	(764,347)	(764,347)
Grand total (A+B+C)	457,812,722	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

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Cash on hand	89,892	844,894
Current accounts with banks	56,563,098	47,869,667
Provision for expected credit losses	(22,632)	(22,632)
	56,630,358	48,691,929

Bank balances are maintained with banks in UAE.

**Notes to the condensed interim financial information
for the six months period ended 30 June 2021 (continued)**

14. Share capital

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Issued and fully paid: 1,000,000 ordinary shares of AED 100 each	100,000,000	100,000,000

15. Accounts payable

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Payables inside UAE	14,803,482	11,922,715
Payables outside UAE	50,404,713	51,844,991
Other payables (note 15.1)	22,939,083	19,458,757
	88,147,278	83,226,463

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Within U.A.E.		
Insurance companies	4,391,329	3,846,438
Insurance brokers	10,412,153	8,076,277
Other payables (note 15.1)	22,939,083	19,458,757
	37,742,565	31,381,472

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Outside U.A.E.		
Insurance companies	5,603,769	108,472
Reinsurance companies	44,800,944	51,736,519
	50,404,713	51,844,991

**Notes to the condensed interim financial information
for the six months period ended 30 June 2021 (continued)**

15. Accounts payable (continued)

15.1 Other payables

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Provision for staff benefits	2,306,864	4,206,410
Rent received in advance	6,628,429	711,875
Accruals and provision	840,757	856,021
Other payables	13,163,033	13,684,451
	22,939,083	19,458,757

16. Insurance contract liabilities

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Maturity payable	17,972,480	23,837,282
Bonus and surrenders payable	8,028,895	12,138,543
Claims payable	1,481,130	2,280,033
Other insurance payables	40,730,191	36,181,133
	68,212,696	74,436,991

17. Basic and diluted earnings per share

	Three months period ended 30 June		Six months period ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Profit for the period (AED)	11,485,111	14,531,114	21,961,913	24,791,050
Number of shares	1,000,000	1,000,000	1,000,000	1,000,000
Basic and diluted earnings per share (AED)	11.49	14.53	21.96	24.79

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 six months period ended 30 June 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:

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Due from related parties	1,275,663	1,253,171

Transactions:

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

	Three months period ended 30 June		Six months period ended 30 June	
	2021 (unaudited) AED	2020 (unaudited) AED	2021 (unaudited) AED	2020 (unaudited) AED
Premiums	1,354,659	1,075,579	2,356,754	2,543,639
Claims paid	55,404	342,023	62,404	696,302
Directors' and key management personnel remuneration including benefits	484,461	480,619	1,015,347	956,471

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

19. Contingent liabilities

	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED
Letters of guarantee	10,533,186	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 six months period ended 30 June 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
	30 June 2021 (unaudited) AED	31 December 2020 (audited) AED		
Quoted equity securities – FVOCI	6,067,452	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 six months period ended 30 June 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 (2020: AED 30 million at AED 30 per share for 2019).

23. Approval of the condensed interim financial information

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