

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

**Review report and condensed interim financial information
for the nine months period ended 30 September 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 September 2021 and the related condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine 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
8 November 2021
Sharjah, United Arab Emirates

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

	Notes	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
ASSETS			
Property and equipment		3,658,190	4,261,569
Investment properties	6	200,440,000	200,440,000
Investments at amortised cost	7.1	333,674,457	335,622,610
Investments at fair value through other comprehensive income (FVOCI)	7.2	6,210,215	5,175,180
Loans guaranteed by life insurance policies		46,666,560	48,458,780
Reinsurance contract assets	8	164,796,534	192,691,454
Deferred acquisition costs		3,799,483	5,937,160
Premium and insurance balances receivable	9	96,466,378	74,924,855
Other receivables and prepayments	10	25,853,694	21,586,863
Statutory deposits	11	10,228,125	10,000,000
Deposits	12	476,634,771	498,471,334
Cash and cash equivalents	13	22,293,859	48,691,929
Total assets		1,390,722,266	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		(4,553,351)	(5,588,386)
Retained earnings		36,133,683	40,108,173
Total equity		523,959,151	526,898,606
Liabilities			
Provision for employees' end of service indemnity		4,605,277	4,984,443
Accounts payable	15	93,448,892	83,226,463
		98,054,169	88,210,906
Insurance liabilities			
Insurance liabilities	16	72,039,935	74,436,991
Premium collected in advance		10,799,096	9,198,901
Deferred commission income		6,008,902	4,707,241
		88,847,933	88,343,133

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

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

	Notes	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Insurance contract liabilities – technical provisions	8		
Unearned premium reserve		94,221,704	94,398,298
Claims under settlement reserve		82,782,071	119,758,932
Incurred but not reported reserve		17,304,478	17,622,329
Unallocated loss adjustment expense reserve		709,580	581,186
Unexpired risk reserve		753,132	890,986
Mathematical reserve		484,090,048	509,557,358
Total insurance contract liabilities		679,861,013	742,809,089
Total liabilities		866,763,115	919,363,128
Total equity and liabilities		1,390,722,266	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
Executive Board Member and CEO

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

**Condensed statement of profit or loss (unaudited)
for the nine months period ended 30 September 2021**

	Three months period ended 30 September		Nine months period ended 30 September	
	2021 AED	2020 AED	2021 AED	2020 AED
Gross premiums	73,515,581	90,984,136	241,360,008	219,030,244
Reinsurance share of gross premiums	(48,924,451)	(50,897,683)	(147,692,647)	(111,062,810)
Net premium	24,591,130	40,086,453	93,667,361	107,967,434
Net change in unearned premium/unexpired risk reserves	6,297,013	(6,993,045)	11,704,912	(9,753,582)
Net premium earned	30,888,143	33,093,408	105,372,273	98,213,852
Commissions received	4,033,429	3,514,581	11,979,939	9,232,791
Commissions paid	(1,970,696)	(5,817,225)	(9,613,680)	(13,176,380)
Movement in deferred reinsurance commission reserves – net	(1,770,336)	752,618	(3,439,338)	1,069,166
Gross underwriting income	31,180,540	31,543,382	104,299,194	95,339,429
Gross claims paid	(18,856,095)	(8,251,036)	(56,324,972)	(28,810,182)
Reinsurance share of insurance claims and loss adjustment expenses	10,449,845	4,208,166	33,954,672	13,983,673
Net claims paid	(8,406,250)	(4,042,870)	(22,370,300)	(14,826,509)
Movement in outstanding claims, incurred but not reported claims reserve, and unallocated loss adjustment expense reserve	329,434	(1,987,001)	(2,119,066)	(1,776,337)
Earnings and cancellations of life insurance policies	(23,329,564)	(20,004,302)	(71,018,688)	(60,055,269)
Decrease in mathematical reserves	7,312,960	4,438,581	25,467,310	18,320,135
Net claims incurred	(24,093,420)	(21,595,592)	(70,040,744)	(58,337,980)
Net underwriting income	7,087,120	9,947,790	34,258,450	37,001,449
Income from financial investments	8,326,021	9,970,412	25,757,030	30,621,224
Income from investment properties - net	1,998,110	2,629,868	6,977,652	9,200,066
Foreign currency exchange gain	77,186	78,270	264,051	180,653
Other income	1,452,257	317,838	2,703,077	1,306,874
Total income	18,940,694	22,944,178	69,960,260	78,310,266
General and administrative expenses	(6,517,724)	(6,832,599)	(19,996,367)	(20,628,208)
Provision for expected credit loss	(688,014)	-	(688,014)	(2,639,845)
Bonuses and rebates (net of reinsurance)	(7,023,640)	(5,797,981)	(21,111,325)	(18,963,538)
Other operating expenses	(647,719)	(591,350)	(2,139,044)	(1,565,377)
Profit for the period	4,063,597	9,722,248	26,025,510	34,513,298
Basic and diluted earnings per share (Note 17)	4.06	9.72	26.03	34.51

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

**Condensed statement of comprehensive income (unaudited)
for the nine months period ended 30 September 2021**

	Three months period ended		Nine months period ended	
	30 September		30 September	
	2021	2020	2021	2020
	AED	AED	AED	AED
Profit for the period	4,063,597	9,722,248	26,025,510	34,513,298
Other comprehensive income/(loss)				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Net unrealised gain /(loss) from FVOCI investments	142,763	(35,691)	1,035,035	(535,364)
Total comprehensive income for the period	4,206,360	9,686,557	27,060,545	33,977,934

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

**Condensed statement of changes in equity
for the nine months period ended 30 September 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	-	-	-	-	-	-	34,513,298	34,513,298
Other comprehensive loss for the period	-	-	-	-	-	(535,364)	-	(535,364)
Dividends paid (Note 22)	-	-	-	-	-	-	(30,000,000)	(30,000,000)
Transfer to general reserve	-	-	-	5,000,000	-	-	(5,000,000)	-
Balance at 30 September 2020 (Unaudited)	100,000,000	85,335,163	75,745,963	222,000,000	-	(6,659,113)	42,927,448	519,349,461
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	-	-	-	-	-	-	26,025,510	26,025,510
Other comprehensive income for the period	-	-	-	-	-	1,035,035	-	1,035,035
Dividends paid (Note 22)	-	-	-	-	-	-	(30,000,000)	(30,000,000)
Balance at 30 September 2021 (Unaudited)	100,000,000	89,549,184	79,959,984	222,000,000	869,651	(4,553,351)	36,133,683	523,959,151

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

**Condensed statement of cash flows (unaudited)
for the nine months period ended 30 September 2021**

	Nine months period ended 30 September	
	2021	2020
	AED	AED
Cash flows from operating activities		
Profit for the period	26,025,510	34,513,298
Adjustments for:		
Depreciation of property and equipment	548,194	717,095
Property and equipment written off during the period	90,020	-
Interest income from investments at amortised cost	(14,190,572)	(11,767,012)
Amortisation of fees, premiums and discounts on investments	1,260,139	1,155,792
Interest income from deposits	(8,983,764)	(15,921,153)
Interest income from loans guaranteed by life insurance policies	(2,297,169)	(2,576,152)
Dividend income	(285,525)	(356,907)
Income from investment properties	(6,977,652)	(9,200,066)
Provision for employees' end of service indemnity	388,850	345,659
Provision for expected credit loss	688,014	2,639,845
Operating cash flows before changes in operating assets and liabilities	(3,733,955)	(449,601)
Increase in insurance, other receivables and prepayments	(24,668,346)	(25,255,819)
Decrease/(increase) in reinsurance share of technical provisions	27,894,920	(52,322,112)
(Decrease)/increase in technical reserves	(62,948,076)	45,531,896
Decrease/(increase) in deferred acquisition cost reserves	2,137,677	(2,198,815)
Increase in deferred reinsurance commission reserve	1,301,661	1,129,649
Increase in accounts payable, insurance liabilities and premium collected in advance	5,610,134	20,079,024
Cash used in operations	(54,405,985)	(13,485,778)
Employees end of service indemnity paid	(768,016)	(700,450)
Net cash used in operating activities	(55,174,001)	(14,186,228)
Cash flows from investing activities		
Purchase of property and equipment	(34,835)	(101,308)
Net movement in loans guaranteed by life insurance policies	4,089,389	745,403
Purchases of financial investments at amortised cost	-	(72,310,167)
Income received on deposits	8,541,861	16,689,732
Income received from investments at amortised cost	15,319,363	10,069,802
Deposits encashed during the period	22,050,341	52,594,583
Dividend income received	285,525	356,907
Rental income received from investment properties	8,524,287	9,596,897
Net cash generated from investing activities	58,775,931	17,641,849
Cash flow from financing activities		
Dividend paid	(30,000,000)	(30,000,000)
Net cash used in financing activities	(30,000,000)	(30,000,000)
Net decrease in cash and cash equivalents	(26,398,070)	(26,544,379)
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	22,293,859	51,257,441

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

**Notes to the condensed interim financial information
for the nine months period ended 30 September 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

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
ASSETS		
Property and equipment	1,955,922	2,400,080
Investment properties	123,595,000	123,595,000
Investments at amortised cost	244,283,121	245,775,581
Loans guaranteed by life insurance policies	46,666,560	48,458,780
Reinsurance contract assets	3,328,195	2,492,524
Deferred acquisition costs	173,645	198,033
Premium and insurance balances receivable	1,087,656	477,780
Other receivables and prepayments	12,559,972	10,892,996
Statutory deposits	2,228,125	2,000,000
Deposits	222,074,040	260,331,785
Cash and cash equivalents	4,558,885	14,690,701
Inter-division balance	136,295,288	122,794,303
Total assets	798,806,409	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	15,745,344	18,998,514
Total equity	254,411,759	257,664,929
Liabilities		
Provision for employees' end of service indemnity	2,135,945	2,254,298
Accounts payable	12,581,776	12,743,566
	14,717,721	14,997,864
Insurance liabilities		
Insurance liabilities	28,804,624	37,283,112
Premium collected in advance	10,799,096	9,198,901
Deferred commission income	2,327	2,279
	39,606,047	46,484,292

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

1. Segment information (continued)

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

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Insurance contract liabilities – Technical provisions		
Unearned premium reserve	2,179,650	1,625,502
Claims under settlement reserve	2,912,105	2,240,882
Incurred but not reported reserve	475,693	1,236,511
Unallocated loss adjustment expense reserve	28,603	23,161
Unexpired risk reserve	384,783	277,064
Mathematical reserve	484,090,048	509,557,358
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Total insurance contract liabilities	490,070,882	514,960,478
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Total liabilities	544,394,650	576,442,634
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Total equity and liabilities	798,806,409	834,107,563
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**Notes to the condensed interim financial information
for the nine months period ended 30 September 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 30 September		Nine months period ended 30 September	
	2021 AED	2020 AED	2021 AED	2020 AED
Gross premiums	22,510,081	24,620,143	73,101,287	73,627,785
Reinsurance share of gross premiums	(1,586,315)	(1,002,285)	(3,325,027)	(2,794,919)
Net premium	20,923,766	23,617,858	69,776,260	70,832,866
Net change in unearned premium/ unexpired risk reserves	96,156	(211,451)	(229,677)	(484,944)
Net premium earned	21,019,922	23,406,407	69,546,583	70,347,922
Commissions received	852,956	22,583	822,397	67,916
Commissions paid	(1,306,672)	(2,173,874)	(4,686,013)	(6,152,541)
Movement in deferred reinsurance commission reserves — net	(22,518)	58,383	(24,436)	144,962
Gross underwriting income	20,543,688	21,313,499	65,658,531	64,408,259
Gross claims paid	(484,509)	(722,096)	(4,177,991)	(2,804,588)
Reinsurance share of insurance claims and loss adjustment expenses	120,765	497,010	1,797,114	1,057,688
Net claims paid	(363,744)	(225,086)	(2,380,877)	(1,746,900)
Movement in outstanding claims, incurred but not reported claims reserve, and unallocated loss adjustment expense reserve	379,211	(150,689)	487,634	92,572
Earnings and cancellations of life insurance policies	(23,329,564)	(20,004,302)	(71,018,688)	(60,055,269)
Decrease in mathematical reserves	7,312,960	4,438,581	25,467,310	18,320,135
Net claims incurred	(16,001,137)	(15,941,496)	(47,444,621)	(43,389,462)
Net underwriting income	4,542,551	5,372,003	18,213,910	21,018,797
Income from financial investments	5,778,653	6,772,901	17,346,261	20,040,670
Income from investments property - net	1,494,869	1,769,911	4,901,045	5,890,158
Foreign currency exchange gain	78,403	40,111	259,928	142,543
Other income	72,433	22,043	114,187	61,160
Total income	11,966,909	13,976,969	40,835,331	47,153,328
General and administrative expenses	(2,449,161)	(2,609,419)	(7,590,677)	(7,839,341)
Provision for expected credit loss	(483,411)	-	(483,411)	(2,014,668)
Bonuses and rebates (net of reinsurance)	(7,023,640)	(5,797,981)	(21,111,325)	(18,963,538)
Other operating expenses	(64,929)	(73,860)	(236,526)	(244,153)
Profit for the period	1,945,768	5,495,709	11,413,392	18,091,628

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

1. Segment information (continued)

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

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
ASSETS		
Property and equipment	1,702,268	1,861,489
Investment properties	76,845,000	76,845,000
Investments at amortised cost	89,391,336	89,847,029
Investments at fair value through other comprehensive income (FVOCI)	6,210,215	5,175,180
Reinsurance contract assets	161,468,339	190,198,930
Deferred acquisition costs	3,625,838	5,739,127
Premium and insurance balances receivable	95,378,722	74,447,075
Other receivables and prepayments	13,293,722	10,693,867
Statutory deposits	8,000,000	8,000,000
Deposits	254,560,731	238,139,549
Cash and cash equivalents	17,734,974	34,001,228
Total assets	728,211,145	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	(4,553,351)	(5,588,386)
Retained earnings	20,388,339	21,109,659
Total equity	269,547,392	269,233,677
Liabilities		
Provision for employees' end of service indemnity	2,469,332	2,730,145
Accounts payable	80,867,116	70,482,897
Inter-division balance	136,295,288	122,794,303
	219,631,736	196,007,345
Insurance liabilities		
Insurance liabilities	43,235,311	37,153,879
Deferred commission income	6,006,575	4,704,962
	49,241,886	41,858,841

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

1. Segment information (continued)

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

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Insurance contract liabilities – Technical provisions		
Unearned premium reserve	92,042,054	92,772,796
Claims under settlement reserve	79,869,966	117,518,050
Incurred but not reported reserve	16,828,785	16,385,818
Unallocated loss adjustment expense reserve	680,977	558,025
Unexpired risk reserve	368,349	613,922
Total insurance contract liabilities	189,790,131	227,848,611
Total liabilities	458,663,753	465,714,797
Total equity and liabilities	728,211,145	734,948,474

**Notes to the condensed interim financial information
for the nine months period ended 30 September 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		Nine months period ended	
	2021	2020	2021	2020
	AED	AED	AED	AED
Gross premiums	51,005,500	66,363,993	168,258,721	145,402,459
Reinsurance share of gross premiums	(47,338,136)	(49,895,398)	(144,367,620)	(108,267,891)
Net premium	3,667,364	16,468,595	23,891,101	37,134,568
Net change in unearned premium/ unexpired risk reserves	6,200,857	(6,781,594)	11,934,589	(9,268,638)
Net premium earned	9,868,221	9,687,001	35,825,690	27,865,930
Commissions received	3,180,473	3,491,998	11,157,542	9,164,875
Commissions paid	(664,024)	(3,643,351)	(4,927,667)	(7,023,839)
Movement in deferred reinsurance commission reserves — net	(1,747,818)	694,235	(3,414,902)	924,204
Gross underwriting income	10,636,852	10,229,883	38,640,663	30,931,170
Gross claims paid	(18,371,586)	(7,528,940)	(52,146,981)	(26,005,594)
Reinsurance share of insurance claims and loss adjustment expenses	10,329,080	3,711,156	32,157,558	12,925,985
Net claims paid	(8,042,506)	(3,817,784)	(19,989,423)	(13,079,609)
Movement in outstanding claims, incurred but not reported claims reserve, unallocated loss adjustment expense reserve	(49,777)	(1,836,312)	(2,606,700)	(1,868,909)
Net claims incurred	(8,092,283)	(5,654,096)	(22,596,123)	(14,948,518)
Net underwriting income	2,544,569	4,575,787	16,044,540	15,982,652
Income from financial investments	2,547,368	3,197,511	8,410,769	10,580,554
Income from investments property - net	503,241	859,957	2,076,607	3,309,908
Foreign currency exchange gain	(1,217)	38,159	4,123	38,110
Other income	1,379,824	295,795	2,588,890	1,245,714
Total income	6,973,785	8,967,209	29,124,929	31,156,938
General and administrative expenses	(4,068,563)	(4,223,180)	(12,405,690)	(12,788,867)
Provision for expected credit loss	(204,603)	-	(204,603)	(625,177)
Other operating expenses	(582,790)	(517,490)	(1,902,518)	(1,321,224)
Profit for the period	2,117,829	4,226,539	14,612,118	16,421,670

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

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

7. Financial investments

7.1 Investments at amortised cost

Investment in securities comprises of the following:

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Quoted bonds	335,134,471	336,394,610
Provision for expected credit loss	(1,460,014)	(772,000)
	333,674,457	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 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Inside UAE	200,222,581	201,205,117
Outside UAE	133,451,876	134,417,493
	333,674,457	335,622,610

Movement in provision for expected credit loss are as follows:

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Balance at the beginning of the year	772,000	568,654
Charge during the period/year	688,014	203,346
	1,460,014	772,000

7.2 Investments carried at FVOCI

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Quoted equity securities in UAE	6,210,215	5,175,180

**Notes to the condensed interim financial information
for the nine months period ended 30 September 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 (audited)	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 (audited)	5,175,180	335,622,610	340,797,790
Amortised	-	(1,260,139)	(1,260,139)
Changes in fair value	1,035,035	-	1,035,035
Provision for expected credit loss	-	(688,014)	(688,014)
	<hr/>	<hr/>	<hr/>
At 30 September 2021 (unaudited)	6,210,215	333,674,457	339,884,672
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8. Insurance contract liabilities - Technical provisions

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Insurance contract liabilities - Technical provisions:		
Unearned premium reserve	94,221,704	94,398,298
Claims under settlement reserve	82,782,071	119,758,932
Incurred but not reported reserve	17,304,478	17,622,329
Unallocated loss adjustment expense reserve	709,580	581,186
Unexpired risk reserve	753,132	890,986
Mathematical reserve	484,090,048	509,557,358
	<hr/>	<hr/>
Total technical provisions – gross	679,861,013	742,809,089
	<hr/>	<hr/>
Reinsurance contract assets:		
Unearned premium reserve	76,429,251	65,035,918
Claims under settlement reserve	74,815,969	113,948,965
Incurred but not reported reserve	13,489,157	13,641,545
Unexpired risk reserve	62,157	65,026
	<hr/>	<hr/>
Total reinsurers' share of technical provisions	164,796,534	192,691,454
	<hr/>	<hr/>
Unearned premium reserve	17,792,453	29,362,380
Claims under settlement reserve	7,966,102	5,809,967
Incurred but not reported reserve	3,815,321	3,980,784
Unallocated loss adjustment expense reserve	709,580	581,186
Unexpired risk reserve	690,975	825,960
Mathematical reserve	484,090,048	509,557,358
	<hr/>	<hr/>
Total technical provisions – net	515,064,479	550,117,635
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**Notes to the condensed interim financial information
for the nine months period ended 30 September 2021 (continued)**

9. Premium and insurance balances receivable

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Due from policyholders	63,509,095	47,102,097
Due from insurance or reinsurance companies	3,670,232	3,961,037
Due from brokers or agents	32,552,522	27,134,174
Less: Provision for expected credit losses	(3,265,471)	(3,272,453)
	96,466,378	74,924,855

Within U.A.E.

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Due from policyholders	63,509,095	47,102,097
Due from insurance or reinsurance companies	1,775,661	1,843,751
Due from brokers or agents	32,552,522	27,134,174
Less: Provision for expected credit losses	(3,265,471)	(3,272,453)
	94,571,807	72,807,569

Outside U.A.E.

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Due from insurance or reinsurance companies	1,894,571	2,117,286

10. Other receivables and prepayments

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Receivable from employees	270,905	358,499
Refundable deposits	166,922	161,870
Prepayments	3,187,554	1,638,449
Others	23,707,725	20,907,457
Less: Provision for impairment	(1,479,412)	(1,479,412)
	25,853,694	21,586,863

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

11. Statutory deposit

As at 30 September 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 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Short term deposits with banks in the UAE	410,598,684	432,877,150
Accrued interest on short term deposits	3,959,250	2,483,548
Subtotal A (current portion)	414,557,934	435,360,698
Long term deposits with banks in the UAE	61,600,000	61,600,000
Accrued interest on long term deposits	1,241,184	2,274,983
Subtotal B (non-current portion)	62,841,184	63,874,983
Provision for expected credit loss (C)	(764,347)	(764,347)
Grand total (A+B+C)	476,634,771	498,471,334

Deposits comprise fixed deposits with banks bearing annual interest at rates ranging from 0.45% to 5.25% (31 December 2020: 0.93% to 5.25%)

13. Cash and cash equivalents

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Cash on hand	88,656	844,894
Current accounts with banks	22,227,835	47,869,667
Provision for expected credit losses	(22,632)	(22,632)
	22,293,859	48,691,929

Bank balances are maintained with local banks in UAE.

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

14. Share capital

	30 September 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 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Payables inside UAE	12,436,611	11,922,715
Payables outside UAE	59,801,318	51,844,991
Other payables (note 15.1)	21,210,963	19,458,757
	93,448,892	83,226,463
	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Within U.A.E.		
Insurance companies	4,736,028	3,846,438
Insurance brokers	7,700,583	8,076,277
Other payables (note 15.1)	21,210,963	19,458,757
	33,647,574	31,381,472
	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Outside U.A.E.		
Insurance companies	103,493	108,472
Reinsurance companies	59,697,825	51,736,519
	59,801,318	51,844,991

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

15. Accounts payable (continued)

15.1 Other payables

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Provision for staff benefits	2,279,378	4,206,410
Rent received in advance	4,527,309	711,875
Accruals and provision	943,742	856,021
Other payables	13,460,534	13,684,451
	<u>21,210,963</u>	<u>19,458,757</u>

16. Insurance contract liabilities

	30 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Maturity payable	19,466,117	23,837,282
Bonus and surrenders payable	8,338,744	12,138,543
Claims payable	401,648	2,280,033
Other insurance payables	43,833,426	36,181,133
	<u>72,039,935</u>	<u>74,436,991</u>

17. Basic and diluted earnings per share

	Three months period ended 30 September		Nine months period ended 30 September	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Profit for the period (AED)	<u>4,063,597</u>	9,722,248	<u>26,025,510</u>	34,513,298
Number of shares	<u>1,000,000</u>	1,000,000	<u>1,000,000</u>	1,000,000
Basic and diluted earnings per share (AED)	<u>4.06</u>	9.72	<u>26.03</u>	34.51

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 nine months period ended 30 September 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 September 2021 (unaudited) AED	31 December 2020 (audited) AED
Due from related parties	998,760	1,253,171

Transactions:

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

	Three months period ended 30 September		Nine months period ended 30 September	
	2021 (unaudited) AED	2020 (unaudited) AED	2021 (unaudited) AED	2020 (unaudited) AED
Premiums	610,861	461,697	2,967,615	3,005,336
Claims paid	24,872	66,840	87,276	763,142
Directors' and key management personnel remuneration including benefits	457,271	467,988	1,472,618	1,424,459

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

19. Contingent liabilities

	30 September 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 nine months period ended 30 September 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 September 2021 (unaudited) AED	31 December 2020 (audited) AED		
Quoted equity securities – FVOCI	6,210,215	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 nine months period ended 30 September 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 8 November 2021.