

**Insurance House P.S.C.**

Condensed Interim Financial Statements

(Un-audited)

For the three months period ended 31 March 2022

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements (Un-audited)**

**For the three months period ended 31 March 2022**

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دار التأمين  
INSURANCE HOUSE  
P.S.C. - ع.م.ش

### Chairman's Report for the three months ended 31 March 2022

On behalf of the Board of Directors, I am pleased to present the condensed interim financial statements of Insurance House PJSC (IH) as at 31 March 2022 and the results of its operations for the three months ended 31 March 2022.

IH has registered a Total Comprehensive Income of AED 7.99 million for the three months ended 31 March 2022, which is 7.2% higher than the Total Comprehensive Income of AED 7.46 million registered in the corresponding period of the previous year.

On the back of improving domestic economic conditions, Gross Premiums Written during the first three months of 2022 was 22.4% higher at AED 96.07 million compared to AED 78.47 million in the corresponding period of the previous year. However, Net Premiums Earned during Q1 2022 were slightly lower at AED 31.87 million compared to AED 36.90 million in the corresponding period of the previous year. Net Claims Incurred in Q1 2022 were lower by 3.7% at AED 19.18 million compared to AED 19.91 million during the same period of the previous year. As a combined result of the above, Net Underwriting Income for Q1 2022 weighed in at AED 10.03 million compared to AED 11.73 million registered during the same period last year.

Due to buoyant domestic equity market valuations, Net Income from Investments was significantly higher at AED 7.83 million in Q1 2022, compared to AED 5.76 million in the corresponding period of the previous year. Despite recent turbulence, we expect local & global equity and fixed income markets to remain relatively stable through the rest of the year.

General & administrative expenses were broadly in line with our expenditure budget and 2% lower compared to the same period of the previous year.

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✓ شركة مساهمة عامة برأس مال وقدره ١١٨.٧٨٠.٥٠٠ درهم إماراتي Public Joint Stock Company and the share capital is AED 118,780,500



دار التأمين  
INSURANCE HOUSE  
ش.م.ع - P.S.C

The liquidity position of the Company continues to be robust with Cash & cash equivalents as of 31 March 2022 accounting for 13.48% of Total Assets. Balance Sheet leverage is modest at just 3x of Shareholders' Equity, providing a sound platform for accelerated growth in the near term.

We are well positioned to take advantage of anticipated upswing in economic activity. Our strategy is to compete on the basis of innovative product offerings and superior service quality. We continue to remain focused on improving our digital delivery capabilities across all business lines. Going forward, profits from core insurance activities will be driven by improved digital delivery capabilities, continuous fine-tuning of risk underwriting techniques and enhanced claims management processes.

On behalf of the Board of Directors,

**Mohammed Abdulla Jumaa Alqubaisi**  
Chairman

Abu Dhabi

10 May 2022

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## Review report on the condensed interim financial statements To the Shareholders of Insurance House. P.S.C.

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Insurance House P.S.C. (the "Company") as at 31 March 2022 and the related condensed interim income statement, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the three months period then ended and other related explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".



**GRANT THORNTON**

**Osama El-Bakry**

**Registration No: 935**

**Abu Dhabi, United Arab Emirates**

**Date: 10 May 2022**




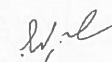
Insurance House P.S.C.  
Condensed Interim Financial Statements

Condensed Interim Statement of Financial Position  
As at 31 March 2022

	Notes	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
<b>ASSETS</b>			
Property and equipment	4	43,028,606	43,261,817
Investments carried at fair value through other comprehensive income (FVTOCI)	5	61,032,372	51,296,714
Investments carried at fair value through profit and loss (FVTPL)	5	15,126,615	12,249,031
Statutory deposit	6	6,000,000	6,000,000
Premium and insurance balances receivable	7	132,976,977	101,172,076
Reinsurance contract assets	13	121,553,896	77,279,041
Other receivables and prepayments	8	33,242,162	25,542,510
Fixed deposits	9	-	14,000,000
Cash and cash equivalents	9	64,323,515	54,857,557
<b>TOTAL ASSETS</b>		<b>477,284,143</b>	<b>385,658,746</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	118,780,500	118,780,500
Tier 1 capital	10	15,000,000	15,000,000
Accumulated losses		(5,247,876)	(7,548,693)
Board of Directors' proposed remuneration		856,796	856,796
Reinsurance reserve	10	422,793	422,793
Investment revaluation reserve		19,673,641	14,271,093
Statutory reserve	10	7,243,671	7,243,671
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>156,729,525</b>	<b>149,026,160</b>
<b>LIABILITIES</b>			
Provision for employees' end-of-service benefits	11	3,001,410	2,883,016
<b>Insurance liability</b>			
Insurance and other payables	12	86,996,056	69,390,241
<b>Technical provisions</b>			
Unearned premiums reserve	13	125,077,232	81,376,611
Claims under settlement reserve	13	65,442,515	51,604,276
Incurred but not reported claims reserve	13	36,881,560	28,869,141
Unexpired risk reserve	13	-	252,338
Unallocated loss adjustment expenses reserve	13	3,155,845	2,256,963
<b>Total technical provisions</b>		<b>230,557,152</b>	<b>164,359,329</b>
<b>TOTAL LIABILITIES</b>		<b>320,554,618</b>	<b>236,632,586</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>477,284,143</b>	<b>385,658,746</b>

To the best of our knowledge, the financial information included in the report fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of 31 March 2022, and for the periods presented in the condensed interim financial statements:

  
Mr. Amr Hindawi  
Acting Chief Executive Officer

  
Mr. Mohammed Alqubaisi  
Chairman

The notes from 1 to 24 form an integral part of these condensed interim financial statements.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**  
**Condensed Interim Income Statement**  
**For the period ended 31 March 2022**

	Notes	(Un-audited) Three months period ended 31 March 2022 AED	(Un-audited) Three months period ended 31 March 2021 AED
Gross premiums	19	96,067,053	78,474,234
Reinsurance share of premiums		(48,873,010)	(31,449,939)
Reinsurance share of ceded business premiums		(1,812,075)	(2,938,754)
<b>Net premiums</b>		<b>45,381,968</b>	<b>44,085,541</b>
Net transfer to unearned premium reserve		(13,513,187)	(7,190,520)
<b>Net premiums earned</b>		<b>31,868,781</b>	<b>36,895,021</b>
Commission earned		9,318,622	5,579,421
Commission paid		(8,191,511)	(6,777,776)
<b>Gross underwriting income</b>		<b>32,995,892</b>	<b>35,696,666</b>
Gross claims paid		(46,966,427)	(41,337,351)
Reinsurance share of insurance claims and loss adjustment		36,199,106	22,812,839
<b>Net claims paid</b>		<b>(10,767,321)</b>	<b>(18,524,512)</b>
(Increase)/Decrease in claims under settlement reserve		(16,438,239)	1,803,602
Decrease /(Increase) in reinsurance share of claims under settlement reserve		8,398,730	(2,470,082)
Decrease/(Increase) in incurred but not reported claims reserve – net		276,273	(637,814)
Decrease in unexpired risk reserve - net		252,338	-
Increase in unallocated loss adjustment expenses reserve – net		(898,882)	(80,566)
<b>Net claims incurred</b>		<b>(19,177,101)</b>	<b>(19,909,372)</b>
Other underwriting income		579,143	771,631
Other underwriting and claim handling expenses		(4,366,586)	(4,829,422)
<b>Net underwriting income</b>		<b>10,031,348</b>	<b>11,729,503</b>
Income from investments - net	14	2,449,501	2,317,616
<b>Gross income</b>		<b>12,480,849</b>	<b>14,047,119</b>
General and administrative expenses	15	(9,870,652)	(10,037,471)
<b>Net profit for the period</b>		<b>2,610,197</b>	<b>4,009,648</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share	16	0.02	0.03

The notes from 1 to 24 form an integral part of these condensed interim financial statements.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**  
**Condensed Interim Statement of Comprehensive Income**  
**For the period ended 31 March 2022**

	Notes	(Un-audited) Three months period ended 31 March 2022 AED	(Un-audited) Three months period ended 31 March 2021 AED
<b>Net profit for the period</b>		<b>2,610,197</b>	<b>4,009,648</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net unrealized gain from investments at fair value through other comprehensive income – equity securities	5	<b>5,423,716</b>	<b>3,317,000</b>
<i>Items that will be reclassified subsequently to profit or loss</i>			
Net unrealized (loss) / gain from investments at fair value through other comprehensive income – debt securities	5	<b>(44,393)</b>	<b>128,382</b>
<b>Total comprehensive income for the period</b>		<b>7,989,520</b>	<b>7,455,030</b>

The notes from 1 to 24 form an integral part of these condensed interim financial statements.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**  
**Condensed Interim Statement of Changes in Equity**  
**For the period ended 31 March 2022**

	Share capital AED	Tier 1 capital AED	Accumulated losses AED	Reinsurance reserve AED	Proposed Board of Directors' Remuneration AED	Investment revaluation reserve AED	Statutory shareholders' reserve AED	Total shareholders' equity AED
Balance as at 1 January 2022 (Audited)	118,780,500	15,000,000	(7,548,693)	422,793	856,796	14,271,093	7,243,671	149,026,160
Net profit for the period	-	-	2,610,197	-	-	-	-	2,610,197
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Tier 1 Capital accrued coupon	-	-	(309,380)	-	-	5,379,323	-	5,379,323
Transfer of unrealized loss on disposal of investment at FVTOCI - debt	-	-	-	-	-	-	-	(309,380)
Balance as at 31 March 2022 (Un-audited)	118,780,500	15,000,000	(5,247,876)	422,793	856,796	19,673,641	7,243,671	156,729,525
Balance as at 1 January 2021 (Audited)	118,780,500	15,000,000	(5,446,912)	423,698	979,729	20,861	6,291,675	136,049,551
Net profit for the period	-	-	4,009,648	-	-	-	-	4,009,648
Other comprehensive loss for the period	-	-	-	-	-	-	-	-
Tier 1 Capital accrued coupon	-	-	(309,389)	-	-	3,445,382	-	3,445,382
Balance as at 31 March 2021 (Un-audited)	118,780,500	15,000,000	(1,746,653)	423,698	979,729	3,466,243	6,291,675	143,195,192

The notes from 1 to 24 form an integral part of these condensed interim financial statements.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Condensed Interim Statement of Cash Flows**  
**For the period ended 31 March 2022**

	Notes	(Un-audited) Three months period ended 31 March 2022 AED	(Un-audited) Three months period ended 31 March 2021 AED
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		2,610,197	4,009,648
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment	4	357,070	433,473
Changes in fair value of investment carried at FVTPL	14,5	(665,519)	(296,869)
Gain on sale of investments carried at FVTPL	14	-	(70,453)
Interest and dividend income	14	(1,818,763)	(1,951,764)
Provision for employees' end-of-service benefits	11	118,394	157,574
Realized loss on sale of debt investments carried at FVTOCI	14	11,466	-
Reclassification of unrealized loss on disposal of investment at FVTOCI - debt	14	23,225	-
Operating profit before changes in working capital		636,070	2,281,609
<b>Changes in working capital</b>			
Premium and insurance balances receivables		(31,804,902)	(25,113,587)
Reinsurance contract assets		(44,274,855)	(23,830,900)
Technical provisions		66,197,823	32,406,280
Other receivables and prepayments		(7,699,652)	(2,649,818)
Insurance and other payables		17,605,815	566,284
<b>Net cash generated from / (used in) operations</b>		660,299	(16,340,132)
Employees' end-of-service benefits paid	11	-	(279,333)
<b>Net cash generated from / (used in) operating activities</b>		660,299	(16,619,465)
<b>INVESTING ACTIVITIES</b>			
Payments for purchase of property and equipment	4	(123,860)	(783,014)
Purchase of investments carried at FVTPL	5	(2,212,064)	(785,876)
Proceeds from sale of investments carried at FVTPL	5	-	388,676
Purchase of investments carried at FVTOCI		(5,837,801)	-
Proceeds from sale of investments carried at FVTOCI		1,470,001	-
Proceed from redemption of short term investments		14,000,000	-
Payments for fixed deposits		-	(8,000,000)
Interest and dividend received		1,818,763	1,951,764
<b>Net cash generated from / (used in) investing activities</b>		9,115,039	(7,228,450)
<b>FINANCING ACTIVITIES</b>			
Tier 1 Capital		(309,380)	(309,389)
<b>Net cash used in financing activities</b>		(309,380)	(309,389)
<b>Net change in cash and cash equivalents</b>		9,465,958	(24,157,304)
Cash and cash equivalents, beginning of the period		54,857,557	72,626,824
<b>Cash and cash equivalents, end of the period</b>	9	64,323,515	48,469,520

The notes from 1 to 24 form an integral part of these condensed interim financial statements.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements**  
**For the period ended 31 March 2022**

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**1 Legal status and activities**

Insurance House P.S.C. (the "Company") is a Public Joint - Stock company registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is engaged in providing all classes of non-life insurance solutions. The Company is subject to the regulations of UAE Federal Law No.6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of the Central Bank of the United Arab Emirates ("CBUAE") (formerly, UAE Insurance Authority ("IA")) under registration number 89. The Company was established on 8 December 2010 and commenced its operations on 10 April 2011. The Company performs its activities through its head office in Abu Dhabi and branches located in Al Samha, Dubai - Sheikh Zayed Road, Dubai – Business Bay, Sharjah, Al Mussafah, Mahawi, Muroor and Motor World.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The registered office of the Company is P.O. Box 129921 Abu Dhabi, United Arab Emirates.

The Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021, however, some of the amended articles refer to further executive regulations to be issued. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

Federal Decree Law No. 24 of 2020 which amends certain provisions of the UAE Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the CBUAE.

Federal Law by Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 with an effective date of 2 January 2022, and will entirely replace Federal Law No. 2 of 2015 (as amended) on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

The range of products and services offered by the company include but not limited to accidents and civil responsibility insurance, land, marine and air transportation, dangers insurance, health insurance, onshore and offshore oil and gas fields and facilities services.

**2 General Information**

**2.1 Statement of compliance**

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "*Interim Financial Reporting*" as issued by the International Accounting Standard Board (IASB), and also comply with the applicable requirements of the laws in the UAE.

On 28 December 2014, the United Arab Emirates (UAE) Insurance Authority issued Financial Regulations for Insurance Companies which came into force on 29 January 2015. The Company is in compliance with the Financial Regulations for Insurance Companies as at 31 March 2022.

**2.2 Basis of preparation**

These condensed interim financial statements are for the three months period ended 31 March 2022 and are presented in Arab Emirate Dirham (AED), which is the functional and presentational currency of the Company.

The condensed interim financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements**  
**For the period ended 31 March 2022**

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**2 General information (continued)**

**2.2 Basis of preparation (continued)**

These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include all of the information required in annual financial statements in accordance with IFRSs and should be read in conjunction with the financial statements for the year ended 31 December 2021. In addition, the results for the three months period ended 31 March 2022 are not necessarily an indication of the results that may be expected for the financial year ending 31 December 2022.

These condensed interim financial statements have been prepared on a consistent basis with the accounting policies and estimates adopted in the Company's most recent annual financial statements for the year ended 31 December 2021, except for the adoption of new standards and interpretations effective 1 January 2022.

**2.3 Standards, interpretations and amendments to existing standards**

**Standards, interpretations and amendments to existing standards that are effective in 2022**

There are no applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that are expected to have a material impact on the condensed interim financial statements of the Company.

**Standards and interpretations in issue but not yet effective**

The new standards and revised IFRSs not yet effective and have not been adopted early by the Group include:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Amendments to IFRS 3 - References to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective.

The above amendments are not expected to have any material impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies**

**3.1 Accounting convention**

These condensed interim financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policies.

**3.2 Property and equipment**

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of the property and equipment.

The rates of depreciation used are based on the following estimated useful lives of the assets:

	Years
Computers and software	3 – 4
Office equipment and decoration	4
Motor vehicles	4
Building	30

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the net carrying amount of the assets and are recognised in profit or loss.

**3.3 Premiums**

Gross premiums written reflect amounts recognised during the period to policyholders or other insurers for insurance contracts and exclude any fees and other amounts calculated based on premiums. These are recognised when the underwriting process is complete.

Premiums include any adjustments in respect to the business written in prior accounting periods. The earned portion is recognised as income. Premiums are earned from the date of attachment of risk over the indemnity period and unearned premium is calculated using the basis below.

**3.4 Unearned Premium Reserve**

Unearned Premium Reserve (UPR) represents that portion of premiums earned, gross of reinsurance, which relates to the period of insurance subsequent to the statement of financial position date and is mainly computed using a linear method based on the outstanding period from the date of statement of financial position up to the date of the maturity of the policy based on actuarial estimates obtained from an independent actuary in accordance with the Financial Regulations for Insurance Companies issued by the Central Bank of the U.A.E. ("CBUAE") (formerly Insurance Authority of U.A.E.).

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies (continued)**

**3.5 Claims**

Claims incurred comprise actual claims and other related costs paid and incurred in the period, and movement in outstanding claims. Claim handling costs are recognised at the time of registering the claims.

On account of uncertainties involved in non-motor claim recoveries, salvage and subrogation rights are recognised only at the time of actual recovery. For motor claim recoveries, salvage is accounted for at the time of registering the claims.

Provision for outstanding claims represents the estimated settlement values of all claims notified, but not settled at the statement of financial position date on the basis of individual case estimates. The reinsurers' portion towards the above outstanding claims is classified as reinsurance contract assets and shown as current assets in the statement of financial position.

**3.6 Provision for IBNR**

Provision for Incurred but Not Reported ("IBNR") claims is made at the statement of financial position date based on an actuarial estimate obtained from an independent actuary in accordance with the Financial Regulations for Insurance Companies issued by the Central Bank of the U.A.E. ("CBUAE") (formerly Insurance Authority of U.A.E.).

**3.7 Provision for ULAE**

Provision for Unallocated Loss Adjustment Expenses (ULAE) which cannot be allocated to specific claims, is made at the statement of financial position date based on actuarial estimates obtained from an independent actuary in accordance with the Financial Regulations for Insurance Companies issued by the Central Bank of the U.A.E. ("CBUAE") (formerly Insurance Authority of U.A.E.).

**3.8 Provision for URR**

Unexpired risk reserve (URR) represent the portion of the premium subsequent to the reporting date and where the premium is expected to be insufficient to cover anticipated claims, expenses and a reasonable profit margin.

**3.9 Liability adequacy test**

All recognised insurance liabilities including provision for outstanding claims are subject to liability adequacy test at each reporting date. This involves comparison of current estimates of all contractual cash flows attached to these liabilities with their carrying amounts. Estimates of contractual cash flows include expected claim handling costs and recoveries from third parties. Any deficiency in carrying amounts is charged to the income statement by establishing a provision for losses arising from the liability adequacy test.

**3.10 Reinsurance premium**

Ceded reinsurance premiums are accounted for in the same accounting periods in which the premiums for the related direct insurance are recorded and the unearned portion is calculated using a linear basis in accordance with reinsurance arrangements in place.

**3.11 Reinsurance assets**

Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies (continued)**

**3.12 Financial instruments**

**a) Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus, for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date.

**b) Classification and subsequent measurement of financial assets**

For the purposes of subsequent measurement, the Company classifies its financial assets into the following categories:

**i) Financial assets at amortised cost**

Financial assets at amortised cost are those financial assets for which:

- the Company's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents, due from related parties and most other receivables.

**ii) Financial assets at fair value through other comprehensive income ('FVTOCI')**

Investments in equity securities are classified as FVTOCI. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

***Fair value measurement***

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, considering observable market inputs and unobservable financial data of investees.

***Gains or losses on subsequent measurement***

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement, but is reclassified to retained earnings.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies (continued)**

**3.12 Financial instruments (continued)**

**b) Classification and subsequent measurement of financial assets (continued)**

**iii) Financial assets at fair value through profit or loss ('FVTPL')**

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Debt instruments that do not meet the amortised cost criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the income statement. Fair value is determined in the manner described in note 5.

**c) Classification and subsequent measurement of financial liabilities**

Financial liabilities comprise amounts due to related parties and most other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

**d) Impairment**

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued;
- loan commitments issued; and
- No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies (continued)**

**3.12 Financial instruments (continued)**

**d) Impairment (continued)**

***Measurement of ECL***

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

**e) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**f) Hedge accounting**

IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

**g) Derecognition**

The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies (continued)**

**3.13 Receivables and payables related to insurance contracts**

Receivables and payables are recognised when due. These include amounts due to and from insurance brokers, re-insurers and insurance contract holders.

If there is objective evidence that the insurance receivables are impaired, the Company reduces the carrying amount of the insurance receivables accordingly and realises the impairment loss in the income statement.

**3.14 Employee benefits**

**Short-term employee benefits**

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the period in which the service is rendered.

A provision for employees' end-of-service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in the U.A.E. Labour Law. The expected costs of these benefits are accrued over the period of employment.

**3.15 Foreign currency transactions**

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**3.16 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies (continued)**

**3.16 Provisions, contingent liabilities and contingent assets (continued)**

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

**3.17 Equity, reserves and dividend payments**

Share capital represents the nominal value of shares that have been issued.

Other details for reserves are mentioned in note 10 to the condensed interim financial statements.

Accumulated losses include all current and prior period retained profits or losses.

Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

**3.18 Leases**

**The Company as a Lessee**

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets six key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies (continued)**

**3.18 Leases (continued)**

**Measurement and recognition of leases as a lessee**

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**3.19 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

**3.20 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in the income statement. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

**3.21 Segment reporting**

Under IFRS 8 "Operating Segments", reported segments' profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies (continued)**

**3.22 Insurance Contracts**

Insurance contract is an agreement whereby one party called the insurer undertakes, for a consideration paid by the other party called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Insurance contracts are those contracts that transfer significant insurance risk. Such risk includes the possibility of having to pay benefits on the occurrence of an insured event. The Company may also transfer insurance risk in insurance contracts through its reinsurance agreements to hedge a greater possibility of claims occurring than expected.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or have expired.

**3.23 General and administrative expenses**

Costs and expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

**3.24 Critical accounting estimates and judgements in applying accounting policies**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

***Outstanding claims, IBNR, ULAE, URR and UPR***

The estimation of the ultimate liability (outstanding claims, IBNR, ULAE and URR) arising from claims and UPR made under insurance contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

***Fair value of unquoted securities***

Fair value of unquoted securities has been determined by the management based on Earnings Multiple and Net Assets Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**3 Summary of significant accounting policies (continued)**

**3.24 Critical accounting estimates and judgements in applying accounting policies (continued)**

**Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology**

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Company while determining the impact assessment, are:

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Company compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Company's existing risk management processes.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

When measuring ECL, the Company must consider the maximum contractual period over which the Company is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Company is exposed to credit risk and where the credit losses would not be mitigated by management action.

Insurance House P.S.C.  
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)  
For the period ended 31 March 2022

**4 Property and equipment**

	Office equipment and decoration AED	Computers and software AED	Motor vehicles AED	Building AED	Land AED	Capital work in progress AED	Total AED
<b>Cost</b>							
At 1 January 2021	6,091,929	3,305,820	302,143	28,571,039	10,390,000	4,986,130	53,647,061
Additions during the year	19,446	64,841	-	-	-	1,480,523	1,564,810
At 31 December 2021 (Audited)	6,111,375	3,370,661	302,143	28,571,039	10,390,000	6,466,653	55,211,871
Additions during the period	9,500	9,714	-	-	-	104,646	123,860
<b>At 31 March 2022 (Un-audited)</b>	<b>6,120,875</b>	<b>3,380,375</b>	<b>302,143</b>	<b>28,571,039</b>	<b>10,390,000</b>	<b>6,571,299</b>	<b>55,335,731</b>
<b>Accumulated Depreciation</b>							
At 1 January 2021	5,320,079	2,942,804	288,454	1,746,008	-	-	10,297,345
Charge for the year	494,769	192,276	13,296	952,369	-	-	1,652,710
At 31 December 2021 (Audited)	5,814,848	3,135,080	301,750	2,698,377	-	-	11,950,055
Charge for the period	77,734	41,245	-	238,091	-	-	357,070
<b>At 31 March 2022 (Un-audited)</b>	<b>5,892,582</b>	<b>3,176,325</b>	<b>301,750</b>	<b>2,936,468</b>	<b>-</b>	<b>-</b>	<b>12,307,125</b>
<b>Carrying amount</b>							
At 31 March 2022 (Un-audited)	228,293	204,050	393	24,920,295	10,390,000	6,571,299	43,028,606
At 31 December 2021 (Audited)	296,527	235,581	393	25,872,663	10,390,000	6,466,653	43,261,817

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**5 Investments in financial assets**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
<b>Investments carried at FVTOCI</b>		
Quoted equity securities	52,597,231	41,335,714
Quoted Tier 1 perpetual securities	1,485,141	3,011,000
Unquoted Tier 1 perpetual securities	6,950,000	6,950,000
	<u>61,032,372</u>	<u>51,296,714</u>
<b>Investments carried at FVTPL</b>		
Quoted equity securities	10,126,615	7,249,031
Unquoted debt securities	5,000,000	5,000,000
	<u>15,126,615</u>	<u>12,249,031</u>

The movement in the investments in financial assets is as follows:

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
<b>Investments carried at FVTOCI</b>		
Fair value at 1 January	51,296,714	49,164,336
Additions	5,837,801	-
Disposals	(1,481,466)	(8,105,560)
Change in fair value	5,379,323	10,237,938
Fair value at the end of the reporting period / year	<u>61,032,372</u>	<u>51,296,714</u>
<b>Investments carried at FVTPL</b>		
Fair value at 1 January	12,249,031	10,554,455
Purchases	2,212,064	3,152,212
Disposals	-	(2,133,023)
Change in fair value taken to profit and loss (note 14)	665,519	675,387
Fair value at the end of the reporting period / year	<u>15,126,615</u>	<u>12,249,031</u>

The geographical distribution of investments is as follows:

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Quoted UAE equity securities	61,342,637	46,841,483
Quoted outside UAE securities	1,485,142	3,011,000
Unquoted UAE securities	5,000,000	5,000,000
Unquoted UAE Tier 1 securities	6,950,000	6,950,000
Quoted outside UAE equity securities	1,381,208	1,743,262
	<u>76,158,987</u>	<u>63,545,745</u>

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**5 Investments in financial assets (continued)**

Management considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the condensed interim financial statements and are classified as level 3 in accordance with the IFRS 13 hierarchy.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 – fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements 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 derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Management has determined the fair value of these unquoted investments by applying an appropriate risk adjusted liquidity discount on the net assets of the investee companies.

	Note	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>31 March 2022 (Un-audited)</b>					
<b>Investments at FVTOCI</b>					
Investment in quoted securities	(a)	52,597,231	-	-	52,597,231
Quoted Tier 1 perpetual securities		1,485,141	-	-	1,485,141
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		<u>54,082,372</u>	<u>-</u>	<u>6,950,000</u>	<u>61,032,372</u>
<b>Investments at FVTPL</b>					
Investment in quoted equity securities	(a)	10,126,615	-	-	10,126,615
Unquoted Tier 1 perpetual securities		-	-	5,000,000	5,000,000
		<u>10,126,615</u>	<u>-</u>	<u>5,000,000</u>	<u>15,126,615</u>
<b>31 December 2021 (Audited)</b>					
<b>Investments at FVTOCI</b>					
Investment in quoted securities	(a)	41,335,714	-	-	41,335,714
Quoted Tier 1 perpetual securities		3,011,000	-	-	3,011,000
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		<u>44,346,714</u>	<u>-</u>	<u>6,950,000</u>	<u>51,296,714</u>
<b>Investments at FVTPL</b>					
Investment in quoted equity securities	(a)	7,249,031	-	-	7,249,031
Unquoted Tier 1 perpetual securities		-	-	5,000,000	5,000,000
		<u>7,249,031</u>	<u>-</u>	<u>5,000,000</u>	<u>12,249,031</u>

(a) Fair values have been determined by reference to the quoted prices at the reporting date.

During the period, there were no transfers between Level 1 and Level 2 fair value measurement and no transfers into or out of Level 3 fair value measurements.

**Insurance House P.S.C.**  
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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**6 Statutory deposit**

In accordance with the requirement of Federal Law No. 6 of 2007, concerning Insurance Companies and Agents, the Company maintains a bank deposit amounting to AED 6,000,000 as of 31 March 2022 (31 December 2020: AED 6,000,000) and it cannot be utilized without the consent of the Central Bank of the U.A.E. ("CBUAE") (formerly Insurance Authority of U.A.E.).

**7 Premium and insurance balances receivable**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Due from policyholders	70,167,582	41,841,082
Due from insurance and reinsurance companies	54,753,404	52,914,469
Due from brokers and agencies	14,111,127	12,686,644
Due from related parties (Note 18)	2,967,270	2,492,527
	<u>141,999,383</u>	<u>109,934,722</u>
Expected credit loss	(9,110,170)	(9,110,170)
	<u>132,889,213</u>	<u>100,824,552</u>
Refundable deposits and other advances	87,764	347,524
Premium and insurance balances receivables – net	<u>132,976,977</u>	<u>101,172,076</u>

**Inside UAE:**

In accordance with the Board of Directors' Decision Number 25 of 2014 pertinent to the Financial Regulations for Insurance Companies, the Company has categorized the insurance receivables as follows:

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Due from policyholders	70,167,582	41,841,082
Due from brokers and agencies	14,111,127	12,686,644
Due from insurance and reinsurance companies	2,735,664	2,965,005
Total	<u>87,014,373</u>	<u>57,492,731</u>

The ageing for the insurance receivables inside UAE is as follows:

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
0 – 30 Days	14,837,130	19,378,861
31 - 90 days	43,133,779	19,804,174
91 - 180 days	7,129,189	4,125,682
181 - 270 days	4,317,480	3,760,822
271 - 360 days	2,064,805	1,844,593
More than 360 days	15,531,990	8,578,599
Total	<u>87,014,373</u>	<u>57,492,731</u>

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**7 Premium and insurance balances receivables (continued)**

**Outside UAE:**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Due from insurance and reinsurance companies	52,017,740	49,949,464

The ageing for the insurance receivables outside UAE is as follows:

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
31-90 days	52,017,740	49,949,464

**Expected credit loss**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Beginning balance	(9,110,170)	(8,025,259)
Charge for the period / year	-	(1,084,911)
Ending balance	(9,110,170)	(9,110,170)

**8 Other receivables and prepayments**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Deferred acquisition costs	22,723,761	15,990,149
Prepayments	5,078,560	5,222,571
Rent receivable	2,353,778	2,353,778
Dividend receivable	1,083,638	-
Accrued interest income	983,814	957,400
Guarantee deposits	724,371	724,371
Other advances	294,240	294,241
	33,242,162	25,542,510

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**9 Cash and cash equivalents**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Cash on hand	5,000	5,000
Cash at banks - current accounts	5,911,623	19,018,735
Cash at bank - call account	24,112,278	25,588,862
Fixed deposits	34,294,614	24,244,960
Cash and bank balances	64,323,515	68,857,557
Less: fixed deposits with an original maturity of more than three months	-	(14,000,000)
Cash and cash equivalents	64,323,515	54,857,557

- i. Cash at banks includes current accounts and call account balances amounting to AED 9,380,468 as of 31 March 2022 held with a financial institution which is a related party (call account balances are interest bearing) (31 December 2021: AED 17,844,461).
- ii. Bank fixed deposits as of 31 March 2022 amounting to AED 34,294,614 (31 December 2021: AED 24,244,960) carry interest rates ranging from 2.0% - 2.35% p.a. (31 December 2021: 2.15% - 2.25% p.a.).

**10 Capital and reserves**

**Share capital**

The share capital of the company as per Articles of Association is AED 120,000,000 divided into 120,000,000 shares of AED 1 par value per share. As at 31 March 2022 and 31 December 2021, the Company has 118,780,500 shares outstanding and issued of AED 1 par value per share.

**Tier 1 capital**

On 14 January 2019, the Company's Board of Directors approved the issuance of Tier 1 perpetual bonds non-convertible into shares amounting to AED 15,000,000 for the purpose of strengthening the Company's capital adequacy and assets and to support its financial position to achieve the Company's growth strategy and to be compatible with the instructions of the Central Bank of the U.A.E. ("CBUAE") (formerly Insurance Authority of U.A.E.).

**Statutory reserve**

In accordance with the UAE Federal Law No. (2) of 2015 concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

**Reinsurance reserve**

In accordance with Insurance Authority's Board of Directors' Decision No. 23, Article 34, there should be a reserve that is not available for distribution, and will not be disposed of without prior approval from the Central Bank of the U.A.E. ("CBUAE") (formerly Insurance Authority of U.A.E.).

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**11 Provision for employees' end-of-service benefits**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Balance as at 1 January	2,883,016	3,252,942
Charges during the period / year	118,394	420,674
Benefits paid during the period / year	-	(790,600)
Balance at the end of the period / year	<u>3,001,410</u>	<u>2,883,016</u>

**12 Insurance and other payables**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Payables-inside UAE	72,059,101	59,787,553
Payables-outside UAE	<u>14,936,955</u>	<u>9,602,688</u>
	<u>86,996,056</u>	<u>69,390,241</u>

In accordance with the Board of Directors' Decision Number 25 of 2014 pertinent to the Financial Regulations for Insurance Companies, the Company has categorized the insurance payables as follows:

**Inside UAE:**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Due to insurance and reinsurance companies	25,933,878	24,803,420
Due to brokers and agents	12,879,928	7,292,919
Claims payable	6,378,225	5,806,174
Related party payables (Note 18)	11,021,876	8,900,000
Due to policyholders	6,817,145	6,273,082
Unearned commission on premium ceded	3,415,776	3,021,801
Due to reinsurance companies – inside UAE	927,786	541,774
VAT output tax payable (Net)	1,148,983	18,208
Other accrued expenses	<u>3,535,504</u>	<u>3,130,175</u>
	<u>72,059,101</u>	<u>59,787,553</u>

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**12 Insurance and other payables (continued)**

**Outside UAE:**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
Funds held for reinsurers	5,187,557	5,910,609
Due to insurance and reinsurance companies	9,749,398	3,692,079
	<u>14,936,955</u>	<u>9,602,688</u>

**13 Technical provisions**

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
<b>Insurance liabilities – gross</b>		
Unearned premiums reserve	125,077,232	81,376,611
Claims under settlement reserves	65,442,515	51,604,276
Incurred but not reported claims reserve	36,881,560	28,869,141
Unexpired risk reserve	-	252,338
Unallocated loss adjustment expenses reserve	3,155,845	2,256,963
	<u>230,557,152</u>	<u>164,359,329</u>
<b>Reinsurance share of outstanding claims</b>		
Unearned premiums reserve	69,767,494	39,580,061
Claims under settlement reserves	36,453,794	30,655,062
Incurred but not reported claims reserve	15,332,608	7,043,918
	<u>121,553,896</u>	<u>77,279,041</u>
<b>Insurance liabilities – net</b>		
Unearned premiums reserve	55,309,738	41,796,550
Claims under settlement reserves	28,988,721	20,949,214
Incurred but not reported claims reserve	21,548,952	21,825,223
Unexpired risk reserve	-	252,338
Unallocated loss adjustment expenses reserve	3,155,845	2,256,963
	<u>109,003,256</u>	<u>87,080,288</u>

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
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**14 Income from investments - net**

	(Un-audited) Three months period ended 31 March 2022 AED	(Un-audited) Three months period ended 31 March 2021 AED
Dividend income on investment in financial assets	1,405,483	1,319,174
Interest income from fixed income securities	183,934	235,134
Interest income on fixed deposits and call account (net)	229,256	397,456
Realized gain on sale of investments carried at FVTPL	-	68,983
Realized loss on sale of investments carried at FVTOCI-debt	(11,466)	-
Reclassification of unrealized loss on disposal of investment at FVTOCI - debt	(23,225)	-
Unrealized gain on revaluation of investments (FVTPL)	665,519	296,869
	<u>2,449,501</u>	<u>2,317,616</u>

**15 General and administrative expenses**

	(Un-audited) Three months period ended 31 March 2022 AED	(Un-audited) Three months period ended 31 March 2021 AED
Salaries and related benefits	5,942,253	5,654,763
Management fees	1,625,001	1,666,668
Government fees	655,254	560,500
Depreciation of property and equipment (Note 4)	357,070	433,473
Telephone and postage	202,066	139,992
Bank charges	20,049	18,696
Other general expenses	1,068,959	1,563,379
	<u>9,870,652</u>	<u>10,037,471</u>

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**16 Earnings per share – Basic and diluted**

Earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	(Un-audited) Three months period ended 31 March 2022	(Un-audited) Three months period ended 31 March 2021
<b>Earnings (AED):</b>		
Net profit for the period	2,610,197	4,009,648
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of earnings per share	118,780,500	118,780,500
<b>Earnings per share (AED):</b>		
Basic and diluted	0.02	0.03

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

**17 Risk management**

The Company monitors and manages the financial risks relating to its business and operations. These risks include insurance risk, capital risk, credit risk, interest rate risk, market risk, foreign currency risk and liquidity risk.

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

**Insurance risk**

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the estimated amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from period to period from the estimate established using statistical techniques.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**17 Risk management (continued)**

**Insurance risk (continued)**

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

**Capital risk**

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of UAE.
- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the company in relation to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the period. The Company is subject to local insurance solvency regulations with which it has complied with during the period.

The table below summarizes the minimum regulatory capital of the Company and the total capital held.

	(Un-audited) 31 March 2022	(Audited) 31 December 2021
	AED	AED
Total capital and reserves	156,729,525	149,026,160
Minimum regulatory capital	100,000,000	100,000,000

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**17 Risk management (continued)**

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Key areas where the Company is exposed to credit risk are:

- Re-insurers' share of insurance liabilities.
- Amounts due from reinsurers in respect of claims already paid.
- Amounts due from insurance contract holders.
- Amounts due from insurance intermediaries.
- Amounts due from banks for its balances and fixed deposits.

Re-insurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the company remains liable for the payment to the policy holder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The Company maintains record of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the company includes details of provisions for impairment on insurance receivables and subsequent write offs. Exposures to individual policy holders and groups of policy holders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policy holders, or homogenous groups of policy holders, a financial analysis equivalent to that conducted for re-insurers is carried out by the Company.

The carrying amount of financial assets recorded in the condensed interim financial statements, which is net of expected credit loss, represents the Company's maximum exposure to credit risk for such receivables and liquid funds.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate. The Company is exposed to interest rate risk on call account, fixed deposits with bank, margin loans, financial assets such as bonds. The interest rates are subject to periodic revisions.

**Market risk**

Market prices risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issue or factors affecting all instruments traded in the market.

**Foreign currency risk**

The Company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the period. The UAE Dirham is effectively pegged to the US Dollar, thus foreign currency risk occurs only in respect of other currencies. The company maintains policies and procedures to manage the exchange rate risk exposure

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**17 Risk management (continued)**

**Liquidity risk**

The Company's Board of Directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the Board of Directors.

The following table shows the maturity dates of Company's financial assets and liabilities as at 31 March 2022.

	Less than 1 year AED	More than 1 year AED	Total AED
<b><u>Financial assets</u></b>			
Interest bearing	64,323,515	19,435,141	83,758,656
Non-interest bearing	237,594,459	-	237,594,459
	<u>301,917,974</u>	<u>19,435,141</u>	<u>321,353,115</u>
<b><u>Financial liabilities</u></b>			
Non-interest bearing	<u>147,873,812</u>	<u>-</u>	<u>147,873,812</u>

The following table shows the maturity dates of Company's financial assets and liabilities as at 31 December 2021.

	Less than 1 year AED	More than 1 year AED	Total AED
<b><u>Financial assets</u></b>			
Interest bearing	68,855,827	20,961,000	89,816,827
Non-interest bearing	231,367,382	-	231,367,382
	<u>300,223,209</u>	<u>20,961,000</u>	<u>321,184,209</u>
<b><u>Financial liabilities</u></b>			
Non-interest bearing	<u>117,954,508</u>	<u>-</u>	<u>117,954,508</u>

**Insurance House P.S.C.**  
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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**18 Related parties**

Related parties comprise the major Shareholders, the Board of Directors and key management personnel of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The transactions with these related parties are primarily financing in nature as follows:

	(Un-audited) 31 March 2022 AED	(Audited) 31 December 2021 AED
<b>Premium and insurance balances receivables</b>		
<i>Shareholder</i>		
Finance House P.J.S.C	2,541,614	2,077,408
<i>Others</i>		
Finance House L.L.C	253,390	253,390
Abdul Hamid Umer Taylor		-
Finance House Securities L.L.C.	172,266	161,729
	<u>2,967,270</u>	<u>2,492,527</u>
<b>Insurance and other payables</b>		
<i>Shareholder</i>		
Finance House P.J.S.C	9,500,000	7,500,000
<i>Others</i>		
FH Capital	1,525,001	1,400,000
Finance House Securities L.L.C.	496,875	-
	<u>11,021,876</u>	<u>8,900,000</u>
<b>Investments</b>		
<i>Shareholder</i>		
Finance House PJSC – Sukuks		
Finance House PJSC – Quoted investments in equity	6,950,000	6,950,000
<i>Others</i>		
Finance House Securities LLC – Commercial papers	5,000,000	5,000,000
	<u>11,950,000</u>	<u>11,950,000</u>
<b>Cash and cash equivalents</b>		
<i>Shareholder</i>		
Cash at banks - current accounts	9,259,385	17,723,273
Cash at bank - call account	1,730	1,730
<i>Others</i>		
Cash at banks - current accounts	119,353	119,458
	<u>9,380,468</u>	<u>17,844,461</u>
<b>Tier 1 capital</b>		
<i>Others</i>		
Abdul Hamid Umer Taylor	2,000,000	2,000,000
Abdulmajeed Al Fahim	500,000	500,000
	<u>2,500,000</u>	<u>2,500,000</u>

Finance House P.J.S.C is one of the major shareholders of the company as of 31 March 2022. FH Capital, Finance House Securities L.L.C and Finance House L.L.C. are subsidiaries of Finance House P.J.S.C.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**18 Related parties (continued)**

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in IFRS.

The following are the details of significant transactions with related parties:

	(Un-audited) Three months period ended 31 March 2022 AED	(Un-audited) Three months period ended 31 March 2021 AED
<b>Finance House P.J.S.C</b>		
Gross premiums written	433,633	358,976
Interest on Sukuk	154,980	134,828
Management fee	6,000,000	1,500,000
<b>Finance House Securities</b>		
Purchase of shares	7,249,865	785,876
Disposal of shares	-	388,676
Gross premium written	10,538	8,035
Interest on investment in commercial paper	50,361	53,281
<b>Islamic Finance House</b>		
Interest on Sukuk	103,449	71,208
Interest on wakala	-	65,000
<b>CAPM Investment PSC</b>		
Service fees	125,001	125,001
<b>Board of directors</b>		
Remuneration	-	-
<b>Mohamed Abdulla Jumaa Al Qubaisi</b>		
Gross premiums written	-	22,631

**19 Segment information**

The Company has two reportable segments, as described below, which are the Company's strategic business units. The business units are managed separately because they require different approach technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business – incorporating all classes of general insurance such as fire, marine, motor, medical, general accident and miscellaneous.
- Investments – incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and other securities.

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

**19 Segment information (continued)**

**Primary segment information - business segment**

	Three months period ended 31 March 2022 (Un-audited)			Three months period ended 31 March 2021 (Un-audited)		
	AED			AED		
	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>
Segment revenue	96,067,053	2,449,501	98,516,554	78,474,234	2,317,616	80,791,850
Segment result	10,031,348	2,449,501	12,480,849	11,729,503	2,317,616	14,047,119
Unallocated income/expense, net			(9,870,652)			(10,037,471)
Net profit for the period			<u>2,610,197</u>			<u>4,009,648</u>

a) The following is an analysis of the Company's assets, liabilities and equity by business segment:

	31 March 2022 AED (Un-audited)			31 December 2021 AED (Audited)		
	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>
Segment assets	325,361,800	121,893,442	447,255,242	235,823,208	98,120,495	333,943,703
Unallocated assets			30,028,901			44,612,597
Total assets			<u>477,284,143</u>			<u>378,556,300</u>
Segment liabilities and equity	454,609,092	19,673,641	474,282,733	361,402,191	14,271,093	375,673,284
Unallocated liabilities and equity			3,001,410			2,883,016
Total liabilities and equity			<u>477,284,143</u>			<u>378,556,300</u>

**Insurance House P.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2022**

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**19 Segment information (continued)**

b) Secondary segment information – revenue from underwriting departments

The following is an analysis of the Company's revenues (gross written premiums and commission income) classified by major underwriting department.

	(Un-audited) Three months period ended 31 March 2022 AED	(Un-audited) Three months period ended 31 March 2021 AED
Non – Marine	48,281,910	29,972,671
Medical and personal assurance	171,178	2,354,968
Marine	47,613,965	46,146,595
	<u>96,067,053</u>	<u>78,474,234</u>

There were no transactions between the business segments during the period.

**20 Seasonality of results and significant events affecting the operations**

There was an outbreak of a global pandemic (Novel Coronavirus disease), causing significant financial and economic impact on major economies across the globe and affecting multiple industries. The Company's investment income is dependent on market conditions, its investment activities and declaration of profits by investee companies, which are of a seasonal nature. As at the date of approval of the condensed interim financial statements, management is in the process of assessing the impact of the said event on its subsequent period's financial results. Accordingly, results for the period ended 31 March 2022 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2022.

**21 Commitments and contingencies**

The Company's bankers have issued in the normal course of business letters of guarantee in favor of third parties amounting to AED 6.7 million (31 December 2021: AED 6.7 million).

**22 Post reporting date events**

No adjusting or significant non-adjusting events occurred between the reporting date and the date of approval of the condensed interim financial statements.

**23 General**

The figures in the condensed interim financial statements are rounded to the nearest Dirham of United Arab Emirates.

**24 Approval of condensed interim financial statements**

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on 10 May 2022.