Insurance House P.S.C.

Condensed Interim Financial Statements
(Un-audited)
For the six months period ended 30 June 2022

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

For the six months period ended 30 June 2022

Table of contents

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

Chairman's Report for the half year ended 30 June 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 30 June 2022 and the results of its operations for the half year ended 30 June 2022.

IH has registered a Net Profit of AED 4.02 million for the half year ended 30 June 2022, compared to AED 6.10 million registered in the corresponding period of the previous year. Under challenging economic conditions, this is a resilient performance, underscoring the agile & adaptive operating model of the Company.

Despite subdued market conditions, Gross Premiums Written during the first six months of 2022 were significantly higher at AED 183.16 million compared to AED 132.28 million logged during the corresponding period of the previous year. Gross Underwriting Income weighed in at AED 59.89 million in the first six months of 2022 compared to AED 61.63 million in the corresponding period of the previous year. Net Claims Incurred during the first six months of 2022 were higher at AED 39.03 million compared to AED 32.65 million in the corresponding period of the previous year. As a combined result of the above, Net Underwriting Income for the first six months of 2022 was slightly lower at AED 19.10 million compared to AED 22.84 million registered in the corresponding period of last year. IH Management has already initiated necessary corrective actions to lower the claims ratio. Favorable results from such corrective actions shall be visible from the second half of 2022 onwards.

Despite volatile equity and fixed income markets -locally and globally, Net Income from Investing Activities was higher at AED 4.24 million during the first six months of 2022 compared to AED 3.03 million during the first six months of the previous year.

General & administrative expenses were tightly controlled at AED 19.32 million compared to AED 19.77 million for the same period in the previous year.

دار التأمين ش.م.ع: ص.ب ١٢٩٩٢١، أبوظبي، ا.ع.م؛ هاتف: ٤٤٤ ٤٩٣٤ (٢) ٩٧١+؛ فاكس: ٤٠٠ ٤٩٣٤ (٢) ٩٧١+
Insurance House P.S.C: P.O. Box 129921, Abu Dhabi, U.A.E; Tel: +971 (2) 4934 444; Fax: +971 (2) 4934 400
Public Joint Stock Company and the share capital is AED 118, 780,500 شركة مساهمة عامة برأس مال وقدره ١١٨,٧٨٠,٥٠٠ درهم إماراتي

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

As of 30 June 2022, Total Shareholders' Equity stood at AED 148.64 million, which is comfortably above the minimum capital requirement of AED 100 million mandated by the Central Bank of the UAE.

The liquidity position of the Company continues to be extremely robust, with aggregate of Cash & cash equivalents and fixed deposits with rated financial institutions accounting for 15% of Total Assets as of 30 June 2022.

Despite tepid market conditions and intense competition, we remain optimistic of a profitable performance for the remainder of 2022. Our strategy is to compete on the basis of innovative product offerings and superior service quality. We are focused on improving our digital sourcing and servicing capabilities across all business lines. Going forward, profits from core insurance activities will be driven by improved digital sourcing & servicing 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
09 August 2022

دار التأمين ش.م.ع: ص.ب ١٢٩٩٢١، أبوظبي، ا.ع.م؛ هاتف:٤٤٤ ٤٩٣٤ (٢) ٩٧١+؛ فاكس:٤٠٠ ٤٩٣٤ (٢) ٩٧١+
Insurance House P.S.C: P.O. Box 129921, Abu Dhabi, U.A.E; Tel: +971 (2) 4934 444; Fax: +971 (2) 4934 400
Public Joint Stock Company and the share capital is AED 118, 780,500 شركة مساهمة عامة برأس مال وقدره ١١٨,٧٨٠,٥٠٠ درهم إماراتي

Grant Thornton

Grant Thornton UAE - Abu Dhabi

Office 1101, 11th Floor
Al Kamala Tower
Zayed the 1st Street
Khalidiya
Abu Dhabi, UAE

T +971 2 666 9750

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 30 June 2022 and the related unaudited condensed interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the unaudited condensed interim statement of changes in equity and the unaudited condensed interim statement of cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of these unaudited interim condensed financial statements in accordance with International Accounting Standard 34 ("IAS 34") *'Interim Financial Reporting'* as issued by the International Accounting Standards Board (IASB). 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

P.O Box: 41255
Abu Dhabi - U.A.E.
GRANT THORNTON
Audit And Accounting Limited

GRANT THORNTON
Osama El-Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates
Date: 9 August 2022

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

Condensed Interim Statement of Financial Position
As at 30 June 2022

	Notes	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
ASSETS			
Property and equipment	4	**43,205,478**	43,261,817
Investments carried at fair value through other comprehensive income (FVTOCI)	5	**43,782,129**	51,296,714
Investments carried at fair value through profit and loss (FVTPL)	5	**9,629,620**	12,249,031
Statutory deposit	6	**6,000,000**	6,000,000
Premium and insurance balances receivables	7	**148,342,968**	101,172,076
Reinsurance contract assets	13	**134,675,691**	77,279,041
Other receivables and prepayments	8	**43,745,794**	25,542,510
Fixed deposits	9	**-**	14,000,000
Cash and cash equivalents	9	**75,689,883**	54,857,557
TOTAL ASSETS		**505,071,563**	385,658,746
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	**118,780,500**	118,780,500
Tier 1 capital	10	**15,000,000**	15,000,000
Treasury shares	10	**(3,455,629)**	-
Accumulated profits/ (losses)		**990,531**	(7,548,693)
Board of Directors' proposed remuneration		**-**	856,796
Reinsurance reserve	10	**422,793**	422,793
Investment revaluation reserve		**9,662,694**	14,271,093
Statutory reserve	10	**7,243,671**	7,243,671
TOTAL SHAREHOLDERS' EQUITY		**148,644,560**	149,026,160
LIABILITIES			
Provision for employees' end-of-service benefits	11	**2,932,702**	2,883,016
Insurance liability			
Insurance and other payables	12	**94,688,310**	69,390,241
Technical provisions			
Unearned premiums reserve	13	**152,019,653**	81,376,611
Claims under settlement reserve	13	**62,677,604**	51,604,276
Incurred but not reported claims reserve	13	**40,818,668**	28,869,141
Unexpired risk reserve		**-**	252,338
Unallocated loss adjustment expenses reserve	13	**3,290,066**	2,256,963
Total technical provisions		**258,805,991**	164,359,329
TOTAL LIABILITIES		**356,427,003**	236,632,586
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**505,071,563**	385,658,746

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 30 June 2022, and for the periods presented in the report:

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 Statement of Profit or Loss
For the period ended 30 June 2022

	Notes	**(Un-audited) Three months period ended 30 June 2022 AED**	(Un-audited) Three months period ended 30 June 2021 AED	**(Un-audited) Six months period ended 30 June 2022 AED**	(Un-audited) Six months period ended 30 June 2021 AED
Gross premiums	19	**87,091,195**	53,806,943	**183,158,248**	132,281,177
Reinsurance share of premiums		**(42,894,653)**	(15,674,159)	**(91,767,663)**	(47,124,098)
Reinsurance share of ceded business premiums		**(859,815)**	(795,199)	**(2,671,890)**	(3,733,953)
Net premiums		**43,336,727**	37,337,585	**88,718,695**	81,423,126
Net transfer to unearned premium reserve		**(15,268,602)**	(6,596,101)	**(28,781,789)**	(13,786,621)
Net premiums earned		**28,068,125**	30,741,484	**59,936,906**	67,636,505
Commission earned		**12,719,682**	1,569,890	**22,038,304**	7,149,311
Commission paid		**(13,895,530)**	(6,381,026)	**(22,087,041)**	(13,158,802)
Gross underwriting income		**26,892,277**	25,930,348	**59,888,169**	61,627,014
Gross claims paid		**(42,157,552)**	(33,405,548)	**(89,123,979)**	(74,742,899)
Reinsurance share of insurance claims and loss adjustment		**22,167,231**	17,045,475	**58,366,337**	39,858,314
Net claims paid		**(19,990,321)**	(16,360,073)	**(30,757,642)**	(34,884,585)
Decrease/(Increase) in claims under settlement reserve		**1,802,611**	8,500,116	**(14,635,628)**	10,303,718
(Decrease)/Increase in reinsurance share of claims under settlement reserve		**(4,231,348)**	(4,460,046)	**4,167,382**	(6,930,128)
Decrease / (Increase) in incurred but not reported claims reserve – net		**2,704,515**	(586,103)	**2,980,788**	(1,223,917)
Decrease/(Increase) in unexpired risk reserve		**-**	-	**252,339**	-
Decrease/(Increase) in unallocated loss adjustment expenses reserve – net		**(134,222)**	162,571	**(1,033,104)**	82,005
Net claims incurred		**(19,848,765)**	(12,743,535)	**(39,025,865)**	(32,652,907)
Other underwriting income		**350,599**	211,267	**929,742**	982,898
Other underwriting and claim handling expenses		**1,678,877**	(2,287,216)	**(2,687,709)**	(7,116,638)
Net underwriting income		**9,072,988**	11,110,864	**19,104,337**	22,840,367
Income from investments - net	14	**1,789,996**	711,243	**4,239,497**	3,028,859
Gross income		**10,862,984**	11,822,107	**23,343,834**	25,869,226
General and administrative expenses	15	**(9,450,922)**	(9,733,773)	**(19,321,574)**	(19,771,244)
Net profit for the period		**1,412,062**	2,088,334	**4,022,260**	6,097,982
Earnings per share:					
Basic and diluted earnings per share	16	**0.01**	0.02	**0.03**	0.05

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

Condensed Interim Statement of Comprehensive Income
For the period ended 30 June 2022

	Notes	**(Un-audited) Three months period ended 30 June 2022 AED**	(Un-audited) Three months period ended 30 June 2021 AED	**(Un-audited) Six months period ended 30 June 2022 AED**	(Un-audited) Six months period ended 30 June 2021 AED
Net profit for the period		**1,412,062**	2,088,334	**4,022,260**	6,097,982
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss					
Loss on sale from investments at fair value through other comprehensive income – equity securities		**-**	-	**(279,018)**	-
Net unrealized gain/(loss) from investments at fair value through other comprehensive income – equity securities	5	**(4,519,870)**	1,993,367	**903,846**	5,310,367
Items that will be reclassified subsequently to profit or loss					
Net unrealized gain / (loss) from investments at fair value through other comprehensive income – debt securities	5	**(76,344)**	41,256	**(120,738)**	169,638
Total comprehensive income / (loss) for the period		**(3,184,152)**	4,122,957	**4,526,349**	11,577,987

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

Condensed Interim Statement of Changes in Equity
For the period ended 30 June 2022

	Share capital AED	Tier 1 capital AED	Treasury shares AED	Accumulated profits/ (losses) AED	Reinsurance reserve AED	Proposed Board of Directors' Remuneration AED	Investment revaluation reserve AED	Statutory 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	-	-	-	4,022,260	-	-	-	-	4,022,260
Other comprehensive income for the period	-	-	-	-	-	-	504,089	-	504,089
Tier 1 Capital accrued coupon	-	-	-	(618,750)	-	-	-	-	(618,750)
Treasury shares	-	-	(3,455,629)	-	-	-	-	-	(3,455,629)
Transfer of realized loss on disposal of investment at FVTOCI – debt	-	-	-	-	-	-	23,226	-	23,226
Transfer of unrealized loss on disposal of Investment at FVTOCI – equity	-	-	-	5,135,714	-	-	(5,135,714)	-	-
Payment of Board of Directors' remuneration	-	-	-	-	-	(856,796)	-	-	(856,796)
Balance as at 30 June 2022 (Un-audited)	**118,780,500**	**15,000,000**	**(3,455,629)**	**990,531**	**422,793**	**-**	**9,662,694**	**7,243,671**	**148,644,560**
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	-	-	-	6,097,982	-	-	-	-	6,097,982
Other comprehensive income for the period	-	-	-	-	-	-	5,480,005	-	5,480,005
Tier 1 Capital accrued coupon	-	-	-	(618,750)	-	-	-	-	(618,750)
Dividends declared (Note 10)	-	-	-	(4,751,233)	-	-	-	-	(4,751,233)
Transfer of realized loss on disposal of investment at FVTOCI – debt	-	-	-	-	-	-	51,524	-	51,524
Payment of Board of Directors' remuneration	-	-	-	42,369	-	(979,729)	-	-	(937,360)
Balance as at 30 June 2021 (Un-audited)	118,780,500	15,000,000	-	(4,676,544)	423,698	-	5,552,390	6,291,675	141,371,719

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

Condensed Interim Statement of Cash Flows
For the period ended 30 June 2022

	Note	**(Un-audited) Six months period ended 30 June 2022 AED**	(Un-audited) Six months period ended 30 June 2021 AED
OPERATING ACTIVITIES			
Net profit for the period		**4,022,260**	6,097,982
Adjustments for non-cash items:			
Depreciation of property and equipment	4	**700,620**	852,573
Changes in fair value of investment carried at FVTPL	14,5	**(894,787)**	(424,546)
Loss on sale of investments carried at FVOCI	14	**-**	56,449
Gain on sale of investments carried at FVTPL	14	**-**	(70,453)
Interest and dividend income	14	**(2,314,221)**	(2,590,309)
Provision for employees' end-of-service benefits	11	**331,371**	303,480
Reclassification of unrealized loss on disposal of investment at FVTOCI – debt		**23,225**	-
Operating profit before changes in working capital		**1,868,468**	4,225,176
Changes in working capital			
Premium and insurance balances receivables		**(47,170,893)**	28,761,820
Reinsurance contract assets		**(57,396,650)**	(34,395,579)
Technical provisions		**94,446,662**	(17,206,877)
Other receivables and prepayments		**(18,203,286)**	(3,235,753)
Insurance and other payables		**24,441,273**	11,058,188
Net cash used in operations		**(2,014,426)**	(10,793,025)
Employees' end-of-service benefits paid	11	**(281,685)**	(279,333)
Directors' remuneration paid		**-**	(937,360)
Net cash flow used in operating activities		**(2,296,111)**	(12,009,718)
INVESTING ACTIVITIES			
Payments for purchase of property and equipment	4	**(644,281)**	(1,235,704)
Proceeds from sale of investments carried at FVOCI		**19,348,792**	1,475,879
Purchase of investments carried at FVOCI		**(11,330,115)**	-
Purchase of investments carried at FVTPL	5	**(5,437,064)**	(2,287,853)
Proceeds from sale of investments carried at FVTPL	5	**8,951,263**	388,676
Payments for fixed deposits		**-**	(8,000,000)
Proceed from redemption of short term investments		**14,000,000**	-
Interest and dividend received		**2,314,221**	2,590,309
Net cash generated from/(used in) investing activities		**27,202,816**	(7,068,693)
FINANCING ACTIVITIES			
Tier 1 Capital		**(618,750)**	(618,750)
Purchase of treasury shares		**(3,455,629)**	(4,751,233)
Net cash used in financing activities		**(4,074,379)**	(5,369,983)
Net change in cash and cash equivalents		**20,832,326**	(24,448,394)
Cash and cash equivalents, beginning of the period		**54,857,557**	72,626,824
Cash and cash equivalents, end of the period	9	**75,689,883**	48,178,430

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

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 30 June 2022.

2.2 Basis of preparation

These condensed interim financial statements are for the six months period ended 30 June 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.

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 six months period ended 30 June 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.

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.).

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 Summary of significant accounting policies (continued)

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.

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.

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.

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.

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.

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.

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.

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.

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.

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
Cost							
At 1 January 2021	6,091,929	3,305,820	302,143	28,571,039	10,390,000	4,986,131	53,647,062
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	6,466,654	55,211,872
Additions during the period	302,150	97,934	-	-	-	244,197	644,281
At 30 June 2022 (Un-audited)	**6,413,525**	**3,468,595**	**302,143**	**28,571,039**	**10,390,000**	**6,710,851**	**55,856,153**
Accumulated Depreciation							
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	141,153	82,890	393	476,184	-	-	700,620
At 30 June 2022 (Un-audited)	**5,956,001**	**3,217,970**	**302,143**	**3,174,561**	**-**	**-**	**12,650,675**
Carrying amount							
At 30 June 2022 (Un-audited)	**457,524**	**250,625**	**-**	**25,396,478**	**10,390,000**	**6,710,850**	**43,205,478**
At 31 December 2021 (Audited)	296,527	235,581	393	25,872,663	10,390,000	6,466,653	43,261,817

5 Investments in financial assets

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Investments carried at FVTOCI		
Quoted equity securities	**34,320,832**	41,335,714
Quoted Tier 1 perpetual securities	**2,511,297**	3,011,000
Unquoted Tier 1 perpetual securities	**6,950,000**	6,950,000
	43,782,129	51,296,714
Investments carried at FVTPL		
Quoted equity securities	**2,629,620**	7,249,031
Unquoted debt securities	**7,000,000**	5,000,000
	9,629,620	12,249,031

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

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Investments carried at FVTOCI		
Fair value at 1 January	**51,296,714**	49,164,336
Purchases	**11,330,115**	-
Disposals	**(19,627,809)**	(8,105,560)
Change in fair value	**783,109**	10,237,938
Fair value at the end of the reporting period / year	**43,782,129**	51,296,714
Investments carried at FVTPL		
Fair value at 1 January	**12,249,031**	10,554,455
Purchases	**5,437,064**	3,152,212
Disposals	**(8,951,262)**	(2,133,023)
Change in fair value taken to profit and loss (note 14)	**894,787**	675,387
Fair value at the end of the reporting period / year	**9,629,620**	12,249,031

The geographical distribution of investments is as follows:

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Quoted UAE equity securities	**30,108,499**	46,841,483
Quoted outside UAE securities	**1,444,186**	3,011,000
Unquoted UAE securities	**7,000,000**	5,000,000
Unquoted UAE Tier 1 securities	**6,950,000**	6,950,000
Quoted outside UAE equity securities	**6,841,954**	1,743,262
Quoted outside UAE debt securities	**1,067,110**	-
	53,411,749	63,545,745

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
30 June 2022 (Un-audited)					
Investments at FVTOCI					
Investment in quoted securities	(a)	**34,320,832**	**-**	**-**	**34,320,832**
Quoted Tier 1 perpetual securities		**2,511,297**	**-**	**-**	**2,511,297**
Unquoted Tier 1 perpetual securities		**-**	**-**	**6,950,000**	**6,950,000**
		36,832,129	**-**	**6,950,000**	**43,782,129**
Investments at FVTPL					
Investment in quoted equity securities	(a)	**2,629,620**	**-**	**-**	**2,629,620**
Unquoted Tier 1 perpetual securities		**-**	**-**	**7,000,000**	**7,000,000**
		2,629,620	**-**	**7,000,000**	**9,629,620**
31 December 2021 (Audited)					
Investments at FVTOCI					
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
		44,346,714	-	6,950,000	51,296,714
Investments at FVTPL					
Investment in quoted equity securities	(a)	7,249,031	-	-	7,249,031
Unquoted Tier 1 perpetual securities		-	-	5,000,000	5,000,000
		7,249,031	-	5,000,000	12,249,031

(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.

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 2021: 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 receivables

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Due from policyholders	**78,299,999**	41,841,082
Due from insurance and reinsurance companies	**62,098,513**	52,914,469
Due from brokers and agencies	**14,277,788**	12,686,644
Due from related parties (Note 18)	**2,591,797**	2,492,527
	157,268,097	109,934,722
Expected credit loss	**(9,110,170)**	(9,110,170)
	148,157,927	100,824,552
Refundable deposits and other advances	**185,041**	347,524
Premium and insurance balances receivables – net	**148,342,968**	101,172,076

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) 30 June 2022 AED	(Audited) 31 December 2021 AED
Due from policyholders	**78,299,999**	41,841,082
Due from brokers and agencies	**14,277,788**	12,686,644
Due from insurance and reinsurance companies	**3,614,549**	2,965,005
Total	**96,192,336**	57,492,731

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

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
0 – 30 Days	**41,604,092**	19,378,861
31 - 90 days	**29,936,110**	19,804,174
91 - 180 days	**8,169,959**	4,125,682
181 - 270 days	**2,444,328**	3,760,822
271 - 360 days	**983,495**	1,844,593
More than 360 days	**13,054,352**	8,578,599
Total	**96,192,336**	57,492,731

7 Premium and insurance balances receivables (continued)

Outside UAE:

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Due from insurance and reinsurance companies	**58,483,964**	49,949,464

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

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
31-90 days	**58,483,964**	49,949,464

Expected credit loss

	(Un-audited) 30 June 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) 30 June 2022 AED	(Audited) 31 December 2021 AED
Deferred acquisition costs	**34,578,073**	15,990,149
Prepayments	**4,960,456**	5,222,571
Rent receivable	**2,353,778**	2,353,778
Accrued interest income	**898,159**	957,400
Guarantee deposits	**661,072**	724,371
Other advances	**294,256**	294,241
	43,745,794	25,542,510

9 Cash and cash equivalents

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Cash on hand	**5,000**	5,000
Cash at banks - current accounts	**2,355,733**	19,018,735
Cash at bank - call account	**38,981,687**	25,588,862
Fixed deposits	**34,347,463**	24,244,960
Cash and bank balances	**75,689,883**	68,857,557
Less: fixed deposits with an original maturity of more than three months	**-**	(14,000,000)
Cash and cash equivalents	**75,689,883**	54,857,557

i. Cash at banks includes current accounts and call account balances amounting to AED 6,475,191 as of 30 June 2022 held with two financial institutions which are related parties (call account balances are interest bearing) (31 December 2021: AED 17,844,461).

ii. Bank fixed deposits as of 30 June 2022 amounting to AED 34,347,463 (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 30 June 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.).

Treasury shares

On October 2, 2022, the Company's Board of Directors approved the purchase of the Company's own shares amounting to AED 3,455,629.

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.

10 Capital and reserves (continued)

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.).

11 Provision for employees' end-of-service benefits

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Balance as at 1 January	**2,883,016**	3,252,942
Charges during the period / year	**331,371**	420,674
Benefits paid during the period / year	**(281,685)**	(790,600)
Balance at the end of the period / year	**2,932,702**	2,883,016

12 Insurance and other payables

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Payables-inside UAE	**68,104,475**	59,787,553
Payables-outside UAE	**26,583,835**	9,602,688
	94,688,310	69,390,241

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) 30 June 2022 AED	(Audited) 31 December 2021 AED
Due to insurance and reinsurance companies	**27,053,427**	24,803,420
Due to brokers and agents	**15,210,267**	7,292,919
Claims payable	**4,981,838**	5,806,174
Related party payables (Note 18)	**10,599,973**	8,900,000
Due to policyholders	**5,739,370**	6,273,082
Unearned commission on premium ceded	**249,707**	3,021,801
Due to reinsurance companies – inside UAE	**769,685**	541,774
VAT output tax payable (Net)	**332,493**	18,208
Other accrued expenses	**3,167,715**	3,130,175
	68,104,475	59,787,553

12 Insurance and other payables (continued)

Outside UAE:

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Funds held for reinsurers	**5,347,653**	5,910,609
Due to insurance and reinsurance companies	**21,236,182**	3,692,079
	26,583,835	9,602,688

13 Technical provisions

	(Un-audited) 30 June 2022 AED	(Audited) 31 December 2021 AED
Insurance liabilities – gross		
Unearned premiums reserve	**152,019,653**	81,376,611
Claims under settlement reserves	**62,677,604**	51,604,276
Incurred but not reported claims reserve	**40,818,668**	28,869,141
Unexpired risk reserve	**-**	252,338
Unallocated loss adjustment expenses reserve	**3,290,066**	2,256,963
	258,805,991	164,359,329
Reinsurance share of outstanding claims		
Unearned premiums reserve	**81,441,314**	39,580,062
Claims under settlement reserves	**31,260,146**	30,655,061
Incurred but not reported claims reserve	**21,974,231**	7,043,918
	134,675,691	77,279,041
Insurance liabilities – net		
Unearned premiums reserve	**70,578,339**	41,796,550
Claims under settlement reserves	**31,417,458**	20,949,216
Incurred but not reported claims reserve	**18,844,437**	21,825,223
Unexpired risk reserve	**-**	252,338
Unallocated loss adjustment expenses reserve	**3,290,066**	2,256,961
	124,130,300	87,080,288

14 Income from investments - net

	(Un-audited) Six months period ended 30 June 2022 AED	(Un-audited) Six months period ended 30 June 2021 AED
Dividend income on investment in financial assets	**1,582,332**	1,366,783
Interest from fixed income securities	**375,966**	481,788
Interest income on fixed deposits and call account (net)	**355,923**	741,738
Gain on sale of investments carried at FVTPL	**1,065,181**	70,453
Loss on sale of debt investments carried at FVOCI	**(23,226)**	(56,449)
Change in fair value of investments (FVTPL)	**894,787**	424,546
Reclassification of unrealized loss in disposal of investment at FVTOCI-debt	**(11,466)**	-
	4,239,497	3,028,859

15 General and administrative expenses

	(Un-audited) Six months period ended 30 June 2022 AED	(Un-audited) Six months period ended 30 June 2021 AED
Salaries and related benefits	**11,455,406**	11,234,252
Management fees	**3,199,972**	3,291,669
Government fees	**1,742,147**	1,016,447
Depreciation of property and equipment (Note 4)	**700,620**	852,573
Telephone and postage	**403,892**	338,578
Bank charges	**5,878**	35,757
Other general expenses	**1,813,659**	3,001,968
	19,321,574	19,771,244

Expected credit loss pertains to the reversal of provision in premium and insurance balances receivable.

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) Six months period ended 30 June 2022	(Un-audited) Six months period ended 30 June 2021
Earnings (AED):		
Net profit for the period	**4,022,260**	6,097,982
Number of shares:		
Weighted average number of ordinary shares for the purpose of earnings per share	**118,780,500**	118,780,500
Earnings per share (AED):		
Basic and diluted	**0.03**	0.05

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 that 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.

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.

17 Risk management (continued)

Insurance risk (continued)

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) 30 June 2022 AED	(Audited) 31 December 2021 AED
Total capital and reserves	**149,501,356**	149,026,160
Minimum regulatory capital	**100,000,000**	100,000,000

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.

17 Risk management (continued)

Insurance risk (continued)

Credit risk (continued)

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.

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 30 June 2022.

	Less than 1 year AED	**More than 1 year AED**	**Total AED**
Financial assets			
Interest bearing	**75,689,883**	**15,511,296**	**91,201,179**
Non-interest bearing	**227,710,834**	**-**	**227,710,834**
	303,400,717	**15,511,296**	**318,912,013**
Financial liabilities			
Non-interest bearing	**155,926,918**	**-**	**155,926,918**

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
Financial assets			
Interest bearing	68,855,827	20,961,000	89,816,827
Non-interest bearing	231,367,382	-	231,367,382
	300,223,209	20,961,000	321,184,209
Financial liabilities			
Non-interest bearing	117,954,508	-	117,954,508

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) 30 June 2022 AED	(Audited) 31 December 2021 AED
Premium and insurance balances receivables		
Shareholder		
Finance House P.J.S.C	**2,285,636**	2,077,408
Others		
Finance House L.L.C	**73,366**	253,390
Mohamed Abdulla Jumaa Al Qubaisi	**27,465**	-
Finance House Securities L.L.C.	**205,330**	161,729
	2,591,797	2,492,527
Insurance and other payables		
Shareholder		
Finance House P.J.S.C	**9,000,000**	7,500,000
Others		
FH Capital	**1,599,973**	1,400,000
	10,599,973	8,900,000
Investments		
Shareholder		
Finance House PJSC – Sukuks	**6,950,000**	6,950,000
Others		
Finance House Securities LLC – Commercial papers	**7,000,000**	5,000,000
	13,950,000	11,950,0000
Cash and cash equivalents		
Shareholder		
Cash at banks - current accounts	**6,181,823**	17,723,273
Cash at bank - call account	**79,327**	1,730
Cash at bank- Tier 1 capital account	**94,688**	-
Others		
Cash at banks - current accounts	**119,353**	119,458
	6,475,191	17,844,461
Tier 1 capital		
Others		
Abdul Hamid Umer Taylor	**2,000,000**	2,000,000
Abdulmajeed Al Fahim	**500,000**	500,000
	2,500,000	2,500,000

Finance House P.J.S.C is one of the major shareholders of the company as of 30 June 2022. FH Capital, Finance House Securities L.L.C and Finance House L.L.C. are subsidiaries of Finance House P.J.S.C.

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) Six months period ended 30 June 2022 AED	(Un-audited) Six months period ended 30 June 2021 AED
Finance House P.J.S.C		
Gross premiums written	**668,533**	420,075
Interest on Sukuk	**175,106**	282,828
Management fee	**3,000,000**	3,000,000
Finance House Securities		
Purchase of shares	**11,747,674**	2,287,853
Disposal of shares	**28,126,886**	388,676
Gross premium written	**404,206**	334,170
Interest on investment in commercial paper	**104,499**	103,142
Finance House L.L.C		
Gross premium written	**-**	780
Interest on Sukuk	**209,250**	174,989
Interest on Wakala fixed deposit	**-**	112,486
FH Capital		
Service fees	**199,972**	250,002
Board of directors		
Remuneration	**-**	937,360
Gross premiums written		
Mohamed Abdulla Jumaa Al Qubaisi	**-**	24,631

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.

19 Segment information (continued)

Primary segment information - business segment

	Six months period ended 30 June 2022 (Un-audited) AED			Six months period ended 30 June 2021 (Un-audited) AED		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment revenue	**183,158,248**	**4,239,497**	**187,397,745**	132,281,177	3,028,859	135,310,036
Segment result	**19,104,337**	**4,239,497**	**23,348,834**	22,840,367	3,028,859	25,869,226
Unallocated income/expense, net			**(19,321,574)**			(19,771,244)
Net profit for the period			**4,022,260**			6,097,982

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

	30 June 2022 AED (Un-audited)			31 December 2021 AED (Audited)		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment assets	**365,762,666**	**97,966,477**	**463,729,143**	235,823,208	98,120,495	333,943,703
Unallocated assets			**41,342,420**			44,612,597
Total assets			**505,071,563**			378,556,300
Segment liabilities and equity	**492,476,167**	**9,662,694**	**502,138,861**	361,402,191	14,271,093	375,673,284
Unallocated liabilities and equity			**2,932,702**			2,883,016
Total liabilities and equity			**505,071,563**			378,556,300

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) Six months period ended 30 June 2022 AED	(Un-audited) Six months period ended 30 June 2021 AED
Non – Marine	**57,879,969**	55,518,004
Medical and personal assurance	**30,839,573**	74,245,537
Marine	**(847)**	2,517,636
	88,718,695	132,281,177

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 9 August 2022.