

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

Condensed Interim Financial Statements

(Un-audited)

For the nine months period ended 30 September 2023

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

**For the nine months period ended 30 September 2023**

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

## Chairman's Report for the nine months ended 30 September 2023

On behalf of the Board of Directors, I present the condensed interim financial statements of Insurance House PJSC (IH) as at 30 September 2023 and the results of its operations for the nine months ended 30 September 2023.

IH has registered a Total Comprehensive Loss of AED 29.75 million in the first nine months of 2023, compared to a Total Comprehensive Loss of AED 11.84 million, in the corresponding period of the previous year. The current year's losses were primarily sustained in the Motor business where cut-throat competition amongst insurers led to very low rates of insurance premium that was not commensurate with the underlying risk being underwritten. The new IH Management has already taken necessary corrective actions to restore the health of this portfolio and expects improved results going forward.

In line with IFRS 17, Insurance Revenue for the first nine months of 2023 was higher by 4.3% at AED 185.05 million compared to AED 177.46 million in the corresponding period of the previous year. Insurance Service Expenses were lower by 1.9% at AED 228.69 million compared to AED 233.19 million in the corresponding period of the previous year. As a result of the above, Insurance Service Result (before adjustments for Reinsurance Contracts Issued) for the first nine months of 2023 was a negative AED 43.64 million compared to a negative AED 55.72 million in the corresponding period of the previous year. Insurance Service Result (after adjustments for Reinsurance Contracts Held) for the first nine months of 2023, was a loss of AED 33.44 million, compared to a loss of AED 15.91 million in the corresponding period of the previous year.

Net Income from Investments was higher at AED 6.44 million in the first nine months of 2023, compared to AED 5.25 million in the corresponding period of the previous year. Due to unsettled global economic conditions, we expect local & global equity and fixed income markets to remain volatile for the rest of the year.

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دار التأمين ش.م.ع. ص.ب. ١٢٩٩٢١، أبوظبي، ا.ع.م؛ هاتف: ٤٩٣٤ ٤٤٤ (٢) ٩٧١؛ فاكس: ٤٩٣٤ ٤٠٠ (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

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 adoption of IFRS 17 with effect from 1 Jan 2023 has resulted in a one-time adjustment of circa AED 9.62 million to the opening Shareholders' Equity as of 1 Jan 2023.

The unhealthy price competition amongst insurance companies and the one-time adjustment stated above are temporary setbacks to our growth momentum in the near term. However, we have a very competent and highly qualified new senior management team in IH, which has already started executing a meticulously planned, comprehensive Recovery Plan. We are confident that with continued shareholder support and dedication of IH Management and Staff, we will bounce back stronger than before. Going forward, profits from core insurance activities will be driven by improved digital delivery capabilities, significant 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

13 November 2023



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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

## Report on review of condensed interim financial statements

### To the Shareholders of Insurance House P.J.S.C

#### Introduction

We have reviewed the accompanying condensed interim financial statements of Insurance House P.J.S.C. (the "Company"), which comprise the condensed interim statement of financial position as at 30 September 2023 and the related condensed interim statement of profit or loss, 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 nine 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 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.

#### Basis for Qualified Conclusion

During the current period, the management identified material errors in the process of recording of transactions covering a) reinsurance share of premium; b) reinsurance share of loss adjustment; and c) commission income, related to reinsurance of medical and personal assurance for prior years. Management is in the process of reconciling balances with the Reinsurers and brokers and has provisionally accounted for estimated losses aggregating to AED 69,343,226 with corresponding reversal of due from Reinsurers and Brokers on retrospective basis (Refer Note 22). Considering ongoing reconciliation as at date of this report, we are unable to assess whether any further adjustments might be required to these condensed interim financial statements.

#### Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with IAS 34.

#### Emphasis of Matter

As stated in Note 1.1, the Company has accumulated losses amounting to AED 105,930,607 as at 30 September 2023, (31 December 2022: AED 77,941,647) which resulted in the erosion of equity in excess of 50%. This has led to non-compliance by the Company with the solvency ratio as required by financial regulations for insurance companies and Central Bank of the UAE.



**Other Matter**

The condensed interim financial statements of the Company for the nine-months period ended 30 September 2022 were reviewed by another auditor, who expressed an unmodified review conclusion dated 8 November 2022.

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor, who expressed an unmodified opinion on those statements on 13 February 2023.

For, **Crowe Mak**

A handwritten signature in blue ink, appearing to read "Umesh A.N.", with a horizontal line underneath.

Umesh Narayanappa  
Partner  
Registration number 1234  
Abu Dhabi, United Arab Emirates  
13 November 2023

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

**Condensed Interim Statement of Financial Position**  
**As at 30 September 2023**

	Notes	(Un-audited) 30 September 2023 AED	(Restated) 31 December 2022 AED	(Restated) 1 January 2022 AED
<b>ASSETS</b>				
Property and equipment	4	42,699,415	43,010,347	43,261,817
Financial assets	6	30,488,726	54,451,411	63,545,745
Statutory deposit	7	6,000,000	6,000,000	6,000,000
Reinsurance contract assets	5	160,293,602	116,984,132	68,286,045
Other receivables and prepayments	8	6,667,376	12,336,708	9,552,361
Fixed deposits	9	-	14,000,000	14,000,000
Cash and cash equivalents	9	17,051,397	41,930,903	54,857,557
<b>TOTAL ASSETS</b>		<b>263,200,516</b>	<b>288,713,501</b>	<b>259,503,525</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	10	118,780,500	118,780,500	118,780,500
Tier 1 capital	10	15,000,000	15,000,000	15,000,000
Treasury shares	10	(4,660,318)	(4,660,318)	-
Accumulated losses		(105,930,607)	(77,941,647)	(60,085,062)
Reinsurance reserve	10	650,848	650,848	422,793
Investment revaluation reserve		4,577,159	7,198,968	14,271,093
Statutory reserve	10	7,679,502	7,679,502	7,243,671
Proposed board of directors' remuneration		-	392,248	856,796
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>36,097,084</b>	<b>67,100,101</b>	<b>96,489,791</b>
<b>LIABILITIES</b>				
Provision for employees' end-of-service benefits	11	2,729,558	3,208,318	2,883,016
Insurance contract liabilities	5	209,099,659	200,527,987	148,082,335
Other payables	12	15,274,215	17,877,095	12,048,383
<b>TOTAL LIABILITIES</b>		<b>227,103,432</b>	<b>221,613,400</b>	<b>163,013,734</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>263,200,516</b>	<b>288,713,501</b>	<b>259,503,525</b>

These condensed interim financial statements were approved by the Board of Directors on 13 November 2023 and signed on their behalf by:

Mr. Mohammed Alqubaisi  
Chairman

The notes from 1 to 23 form an integral part of these condensed interim financial statements

**Insurance House P.J.S.C.**  
**Condensed Interim Financial Statements**  
**Condensed Interim Statement of profit or loss**  
**For the period ended 30 September 2023**

	Notes	Three months period ended 30 September 2023 AED (Un-audited)	Three months period ended 30 September 2022 AED (Un-audited) (Restated)	Nine months period ended 30 September 2023 AED (Un-audited)	Nine months period ended 30 September 2022 AED (Un-audited) (Restated)
Insurance revenue	5	56,984,444	64,947,795	185,048,333	177,463,001
Insurance service expenses	5	(59,688,619)	(77,581,117)	(228,692,789)	(233,186,405)
<b>Insurance service result before reinsurance contracts issued</b>		<b>(2,704,175)</b>	<b>(12,633,322)</b>	<b>(43,644,456)</b>	<b>(55,723,404)</b>
Allocation of reinsurance premiums	5	(32,118,433)	(37,848,342)	(112,355,590)	(90,426,642)
Amounts recoverable from reinsurance for incurred claims	5	29,106,552	43,232,703	122,557,574	130,241,871
<b>Net income /(expense) from reinsurance contracts held</b>		<b>(3,011,881)</b>	<b>5,384,361</b>	<b>10,201,984</b>	<b>39,815,229</b>
<b>Insurance service result</b>		<b>(5,716,056)</b>	<b>(7,248,961)</b>	<b>(33,442,472)</b>	<b>(15,908,175)</b>
<b>Investment income</b>	13	<b>821,899</b>	<b>1,012,762</b>	<b>3,618,799</b>	<b>5,252,259</b>
Insurance finance expense for insurance contracts issued	5	(1,533,489)	(244,895)	(5,994,204)	(955,974)
Reinsurance finance income for reinsurance contracts held	5	644,680	94,752	2,614,334	449,734
<b>Net insurance finance expenses</b>		<b>(888,809)</b>	<b>(150,143)</b>	<b>(3,379,870)</b>	<b>(506,240)</b>
<b>Net insurance and investment results</b>		<b>(5,782,966)</b>	<b>(6,386,342)</b>	<b>(33,203,543)</b>	<b>(11,162,156)</b>
<b>Other income and expense</b>		<b>83,188</b>	<b>(229,774)</b>	<b>628,305</b>	<b>(679,966)</b>
<b>Loss for the period</b>		<b>(5,699,778)</b>	<b>(6,616,116)</b>	<b>(32,575,238)</b>	<b>(11,842,122)</b>
<b>Loss per share:</b>					
Basic and diluted earnings per share		<b>(0.05)</b>	<b>(0.06)</b>	<b>(0.27)</b>	<b>(0.10)</b>

The notes from 1 to 23 form an integral part of these condensed interim financial statements.

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

**Condensed Interim Statement of Comprehensive Income**  
**For the period ended 30 September 2023**

	<b>Three months period ended 30 September 2023 AED (Un-audited)</b>	<b>Three months period ended 30 September 2022 AED (Un-audited) (Restated)</b>	<b>Nine months period ended 30 September 2023 AED (Un-audited)</b>	<b>Nine months period ended 30 September 2022 AED (Un-audited) (Restated)</b>
<b>Loss for the period</b>	<b>(5,699,778)</b>	<b>(6,616,116)</b>	<b>(32,575,238)</b>	<b>(11,842,122)</b>
<b>Other comprehensive (loss)/income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gain/ (loss) on sale from investments at fair value through other comprehensive income - equity securities	1,625,351	-	1,625,351	(279,018)
Net unrealized gain/(loss) from investments at fair value through other comprehensive income – equity securities	26,138	(434,792)	1,223,480	469,054
<i>Items that maybe reclassified subsequently to profit or loss</i>				
Net unrealized loss from investments at fair value through other comprehensive income – debt securities	(59,566)	(69,903)	(25,985)	(190,641)
<b>Total comprehensive loss for the period</b>	<b>(4,107,855)</b>	<b>(7,120,811)</b>	<b>(29,752,392)</b>	<b>(11,842,727)</b>

The notes from 1 to 23 form an integral part of these condensed interim financial statements.

**Insurance House P.J.S.C.**  
**Condensed Interim Financial Statements**  
**Condensed Interim Statement of Changes in Equity**  
**For the period ended 30 September 2023**

	Share capital AED	Tier 1 capital AED	Treasury shares AED	(Accumulated losses) AED	Reinsurance Reserve AED	Proposed Board of Directors' remuneration AED	Investment revaluation reserve AED	Statutory reserve AED	Total shareholders' equity AED
Balance at 1 January 2023 (Audited)	118,780,500	15,000,000	(4,660,318)	1,017,186	650,848	392,248	7,198,968	7,679,502	146,058,934
Adjustment due to misstatements (Note– 22)	-	-	-	(69,343,226)	-	-	-	-	(69,343,226)
Balance at 1 January 2023 – restated	118,780,500	15,000,000	(4,660,318)	(68,326,040)	650,848	392,248	7,198,968	7,679,502	76,715,708
Adjustment on initial application of IFRS 17 (Note 3.14)	-	-	-	(9,615,607)	-	-	-	-	(9,615,607)
Restated balance at 1 January 2023	118,780,500	15,000,000	(4,660,318)	(77,941,647)	650,848	392,248	7,198,968	7,679,502	67,100,101
Net loss for the period	-	-	-	(32,575,238)	-	-	-	-	(32,575,238)
Payment of Board of Director's remuneration	-	-	-	-	-	(392,248)	-	-	(392,248)
Other comprehensive income for the period	-	-	-	-	-	-	2,822,846	-	2,822,846
Tier 1 capital accrued coupon	-	-	-	(928,129)	-	-	-	-	(928,129)
Transfer of unrealized gain on disposal of investment at FVTOCI – equity	-	-	-	5,514,407	-	-	(5,514,407)	-	-
Transfer of unrealized loss on disposal of investment at FVTOCI – debt	-	-	-	-	-	-	69,752	-	69,752
<b>Restated balance at 30 September 2023 (Un-audited)</b>	<b>118,780,500</b>	<b>15,000,000</b>	<b>(4,660,318)</b>	<b>(105,930,607)</b>	<b>650,848</b>	<b>-</b>	<b>4,577,159</b>	<b>7,679,502</b>	<b>36,097,084</b>
Balance 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
Adjustment due to misstatements (Note– 22)	-	-	-	(52,866,070)	-	-	-	-	(52,866,070)
Balance at 1 January 2022 (Audited)- restated	118,780,500	15,000,000	-	(60,414,763)	422,793	856,796	14,271,093	7,243,671	96,160,090
Adjustment on initial application of IFRS 17	-	-	-	329,701	-	-	-	-	329,701
Restated balance at 1 January 2022	118,780,500	15,000,000	-	(60,085,062)	422,793	856,796	14,271,093	7,243,671	96,489,791
Net loss for the period	-	-	-	(11,842,122)	-	-	-	-	(11,842,122)
Other comprehensive gain for the period	-	-	-	-	-	-	(605)	-	(605)
Tier 1 capital accrued coupon	-	-	-	(928,124)	-	-	-	-	(928,124)
Treasury shares	-	-	(4,660,318)	-	-	-	-	-	(4,660,318)
Payment of Board of Directors' remuneration	-	-	-	-	-	(856,796)	-	-	(856,796)
Transfer of unrealized gain on disposal of investment at FVTOCI – equity	-	-	-	5,135,714	-	-	(5,135,714)	-	-
<b>Balance at 30 September 2022 (Un- audited) Restated</b>	<b>118,780,500</b>	<b>15,000,000</b>	<b>(4,660,318)</b>	<b>(67,719,594)</b>	<b>422,793</b>	<b>-</b>	<b>9,134,774</b>	<b>7,243,671</b>	<b>78,201,826</b>

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

**Condensed Interim Statement of Cashflow**  
**For the period ended 30 September 2023**

	Notes	(Un-audited) Nine months period ended 30 September 2023 AED	(Un-audited)- Restated Nine months period ended 30 September 2022 AED
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(32,575,238)	(11,842,122)
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment	4	1,010,175	1,038,317
Net gain on disposal of investments	13	(1,502,114)	-
Un-realized loss/(gain) on investments measured at FVTPL	13	261,703	(903,907)
Gain on sale of property and equipment		(84,000)	-
Dividends and interest income	13	(2,448,140)	(2,314,221)
Charge for employees' end-of-service benefits	11	394,423	469,565
Reclassification of unrealized loss on disposal of investment at FVTOCI		69,752	(279,017)
Cash used in operating activities		(34,873,439)	(13,831,385)
<b>Changes in working capital</b>			
Increase in reinsurance contract assets		(43,309,470)	(42,359,004)
Decrease in other receivables and prepayments		5,669,332	1,152,445
Increase in insurance contract liabilities		8,571,672	44,648,411
(Decrease)/ Increase in other payables		(2,602,880)	2,974,153
<b>Cash used in operating activities</b>		<b>(66,544,785)</b>	<b>(7,415,380)</b>
Payment for employees' end of service benefits obligation	11	(873,183)	(329,730)
<b>Net cash used in operations activities</b>		<b>(67,417,968)</b>	<b>(7,745,110)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(699,243)	(906,244)
Proceeds from disposal of Property and equipment		84,000	-
Purchase of investments carried at FVTPL	6	(3,918,124)	(6,991,342)
Purchase of investments carried at FVOCI		-	(11,330,117)
Proceeds from disposals of investments carried at FVTPL		8,398,419	9,323,263
Proceeds from disposals of investments carried at FVOCI		16,545,647	19,627,809
Proceeds from redemption of fixed deposit		14,000,000	14,000,000
Dividends and interest received		2,448,140	2,314,221
<b>Net cash generated from investing activities</b>		<b>36,858,839</b>	<b>26,037,590</b>
<b>FINANCING ACTIVITIES</b>			
Tier 1 capital coupon	10	(928,129)	(928,125)
Directors' remuneration paid		(392,248)	(856,796)
Purchase of treasury shares		-	(4,660,318)
<b>Net cash used in financing activities</b>		<b>(1,320,377)</b>	<b>(6,445,239)</b>
<b>Net change in cash and cash equivalents</b>		<b>(31,879,506)</b>	<b>11,847,241</b>
Cash and cash equivalents, beginning of the period		41,930,903	54,857,557
<b>Cash and cash equivalents, end of the period</b>		<b>10,051,397</b>	<b>66,704,798</b>
Reclassified from financial assets (Note 6)		7,000,000	-
<b>Cash and cash equivalents, end of the period</b>	9	<b>17,051,397</b>	<b>66,704,798</b>

# Insurance House P.J.S.C.

## Condensed Interim Financial Statements

### Notes to the condensed interim financial statements

#### For the period ended 30 September 2023

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#### **1 Legal status and activities**

Insurance House P.J.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 in accordance with UAE Federal Law No.6 of 2007 (as amended). 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, Sharjah, Al Mussafah, Mahawi 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 range of products and services offered by the company include but is 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.

#### **1.1 Equity**

As of September 30, 2023, the Company’s accumulated losses are AED 105,930,607 (December 31, 2022: 77,941,647) which resulted in erosion of equity in excess of 50% and had affected the required solvency ratio as prescribed by the Central Bank of the UAE. The management has submitted the recovery plan to the Central Bank of UAE dated 16 June 2023. The shareholders have also approved the option of Company’s continuation and the commencement of the implementation plan in the General Assembly Meeting dated 07 July 2023.

#### **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 September 2023 subject to solvency ratio as prescribed in UAE federal law No. 6 of 2007, Federal Decree – Law No. 32, 2021.

#### **2.2 Basis of preparation**

These condensed interim financial statements are for the nine months period ended 30 September 2023 and are presented in United 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.

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 International Financial Reporting Standards and should be read in conjunction with the financial statements for the year ended 31 December 2022. In addition, the results for the nine months period ended 30 September 2023 are not necessarily an indication of the results that may be expected for the financial year ending 31 December 2023.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**2 General information (continued)**

**2.3 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.

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

**Standards and interpretations in issue but not yet effective and has not been adopted early by the Company**

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted any of the forthcoming new or amended standards in preparing these condensed interim financial statements.

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

<b>New Standards or amendments</b>	<b>Effective date</b>
Amendments to IAS 1- Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1- Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16- Lease liability in a sale and leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28- Sale or Construction of assets between an Investor and its associate or joint venture	N/A*

\*Available for optional adoption/ effective date deferred indefinitely.

**3 Significant accounting policies**

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 2022, except for application of new standards effective as of 1 January 2023 and several amendments and interpretations applied for the first time in 2023.

**3.1 IFRS 17 - Insurance contracts**

International Financial Reporting Standard (IFRS) 17, "Insurance Contracts" establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17. The nature of the changes in accounting policies can be summarized, as follows:

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**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.1 IFRS 17 - Insurance contracts (continued)**

The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of condensed interim financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard is effective for periods beginning on or after 1 January 2023.

***Changes to classification and measurement***

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The Company applies the PAA to simplify the measurement of all of its insurance and reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for outstanding claims, the Company now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognized once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred acquisition expenses less amounts recognised in revenue for insurance services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of coverage are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision); and
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR)) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk.

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**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
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**3 Significant accounting policies (continued)**

**3.1 IFRS 17 - Insurance contracts (continued)**

The Company capitalizes its directly attributable insurance acquisition cash flows. No separate asset is recognised for deferred acquisition costs. Instead, insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

***Changes to presentation and disclosure***

For presentation in the condensed interim statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Groups of insurance and reinsurance contracts issued that are assets;
- Groups of insurance and reinsurance contracts issued that are liabilities;
- Groups of reinsurance contracts held that are assets; and
- Groups of reinsurance contracts held that are liabilities.

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line-item descriptions in the condensed interim statement of profit or loss and condensed interim other comprehensive income have been changed significantly compared with previous year. Earlier, the Company reported the following line items:

- Gross premiums written
- Reinsurance share of premiums
- Reinsurance share of ceded business premiums
- Net premiums
- Net transfer to unearned premium reserve
- Net premiums earned
- Commission earned
- Commission paid
- Gross underwriting income
- Gross claims paid
- Changes in technical reserves
- Reinsurance share of insurance claims and loss adjustments
- Net claims incurred

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amounts recoverable from reinsurance for incurred claims
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

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

**Notes to the condensed interim financial statements (continued)**  
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**3 Significant accounting policies (continued)**

**3.1 IFRS 17 - Insurance contracts (continued)**

The Company provides qualitative and quantitative information about:

- Amounts recognised in its condensed interim financial statements from insurance contracts
- Significant judgements and changes in those judgements, when applying the standard.

***Transition***

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the Company:

- Identified, recognised and measured each portfolio of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- Identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied;
- Derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, intangible assets related to insurance contracts (previously referred to as 'value of business acquired'), insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- Recognised any resulting net difference in equity.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each condensed consolidated interim financial statements line item and Earning per share. The effects of adopting IFRS 17 on the condensed consolidated interim financial statements at 1 January 2022 are presented in the condensed interim statement of changes in equity.

**Insurance and reinsurance contracts classification**

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur, Insurance contracts can also transfer financial risk.

**Insurance and reinsurance contracts accounting treatment**

***Separating components from insurance and reinsurance contracts***

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive - either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.1 IFRS 17 - Insurance contracts (continued)**

*Level of aggregation*

IFRS 17 requires a Company to determine the level for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise group of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by profitability committee that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Company has a Profitability Assessment Committee that meets at regular intervals to determine the profitability groupings of each portfolio of contracts. committee acts as a forum to collect input from the pricing and underwriting functions and assess the relevant facts and circumstances which indicate that groups of contracts are onerous at initial recognition.

**Insurance and reinsurance contracts accounting treatment**

Below are some of the relevant facts and circumstances that the Company considers:

- Evaluation of expected combine ratios;
- Pricing information;
- Results of similar contracts it has recognized; and
- Environment factors, e.g., a change in market experience or regulations.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.1 IFRS 17 - Insurance contracts (continued)**

**Insurance and reinsurance contracts accounting treatment (continued)**

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

***Recognition***

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Company recognises a group of reinsurance contracts held;
- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group the Group adds new contracts to the group when they are issued or initiated.

***Contract boundary***

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. For insurance contract, cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services. For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

**Measurement - Premium allocation approach**

***Insurance contracts — initial measurement***

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including coverage arising from all premiums within the contract boundary. or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and the types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfillment cash flows increases with:

- The extent of future cash flows related to any derivatives embedded in the contracts.
- The length of the coverage period of the group of contracts.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.1 IFRS 17 - Insurance contracts (continued)**

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed, plus or minus any amount arising from the derecognition at that date of the asset or liability recognised for insurance acquisition cash flows that the Company pays or receives before the group of insurance contracts is recognised. There is no allowance for time value of money as the premiums are mostly received within one year of the coverage period.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues, however, adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

***Insurance contracts — subsequent measurement***

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of period:

- Plus premiums received in the period;
- Minus capitalised insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Insurance acquisition cash flows are allocated on a straight-line basis to profit or loss.

***Reinsurance contracts***

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

***Insurance contracts — modification and derecognition***

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired);

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.1 IFRS 17 - Insurance contracts (continued)**

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

***Presentation***

The Company has presented separately, in the condensed interim statement of financial position, the carrying amount of groups of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts issued.

The Company disaggregates the total amount recognised in the condensed interim statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

***Insurance revenue***

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and stances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented all revenue has been recognised on the basis of the passage of time.

***Loss components***

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous; the Company recognize a loss component as the excess of the fulfillment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

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**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.1 IFRS 17 - Insurance contracts (continued)**

**Insurance finance income and expense**

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company presents insurance finance income or expenses in profit or loss only.

***Net income or expense from reinsurance contracts held***

The Company presents separately on the face of the condensed interim statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the condensed interim statement of profit or loss and other comprehensive income.

***Judgements and estimates***

The preparation of this condensed interim financial statements require management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2022, except for the below judgements.

***Insurance and reinsurance contracts***

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

***Liability for remaining coverage***

For insurance acquisition cash flows, the Group is eligible and chooses to capitalise all insurance acquisition cashflows upon payments.

The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts are to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfillment cash flows.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.1 IFRS 17 - Insurance contracts (continued)**

*Liability for incurred claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

*Discount rates*

The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years		20 years	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Insurance contracts issued	6.66	6.02	5.72	5.66	5.35	5.46	5.02	5.19	5.36	5.10
Reinsurance contracts held	6.66	6.02	5.72	5.66	5.35	5.46	5.02	5.19	5.36	5.10

*Risk adjustment for non-financial risk*

The Company uses a Solvency II type approach to determine its risk adjustment for non-financial risk. Each portfolio is matched with the most representative Solvency II LOB and an assumption is made that the prescribed standard deviation of premiums risk and reserves risk for a given Solvency II LOB is

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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**3 Significant Accounting Policies (continued)**

**3.1 IFRS 17 - Insurance Contracts (continued)**

representative of the standard deviation of the portfolio LRC and LIC standard deviation respectively. Further, the Company assumes that the LRC and LIC each have a Lognormal distribution with the LIC mean matching the sum of the IBNR, OS and ULAE while the LRC mean matches the UPR of a given portfolio. The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach for different lines in the range of 60-75 percentile. That is, the Company has assessed its indifference to uncertainty for product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 60-75 percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

**Insurance and financial risk management**

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2022. There have been no changes in any risk management policies since the year end.

The accounting policies in respect of property and equipment, intangible assets and financial assets have been disclosed in this condensed consolidated interim financial information as required by Securities and Commodities Authority ("SCA") notification dated 12 October 2008.

**Key Accounting Policy choices**

IFRS 17 requires the Company to make various accounting policy choices. The key accounting policy choices made by the Company are described below:

	<b>IFRS 17 Options</b>	<b>Adoption approach</b>
Policy acquisition cost	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortizing them over the contract's coverage period.	The Company amortized the insurance acquisition cost for all contracts. The Company allocates the acquisition cost to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For PAA model, Company has elected not to adjust the Liability for Remaining Coverage for discounting, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less
Liability for Incurred Claims ("LIC") adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	Company will discount all future incurred claim cashflows.
Insurance finance income and expenses	IFRS 17 provides an accounting policy choice to recognize the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the PL or OCI option) is applied on a portfolio basis.	Entire insurance finance income or expense for the period will be presented in the condensed interim statement of profit or loss.

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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**3 Significant Accounting Policies (continued)**

**3.1 IFRS 17 - Insurance Contracts (continued)**

	<b>IFRS 17 Options</b>	<b>Adoption approach</b>
Disaggregation of risk adjustment	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service resultant insurance finance income or expenses.	The entire risk adjustment will be presented in insurance service result by the Company.
Presentation in the statement of income – Reinsurance	An entity may present the income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount; or the entity may present separately the amounts recovered from the reinsurer and an allocation of the premiums paid that together give a net amount equal to that single amount	Reinsurance cessions and recoveries will be presented separately in the condensed interim statement of profit or loss by the Company.
Adjustments of estimate would take place on an annual basis	The entity shall apply its choice of accounting policy to all groups of insurance contracts it issues and groups of reinsurance contracts it holds.	Adjustments of estimate would take place on an annual basis.

**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:

	<b>Years</b>
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 condensed interim statement of profit or loss.

**3.3 Financial instruments**

**a) Recognition 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.

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

**Notes to the condensed interim financial statements (continued)**  
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**3 Significant Accounting Policies (continued)**

**3.3 Financial instruments (continued)**

**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 condensed interim statement of profit or loss but is reclassified to retained earnings.

***Fair value of financial instruments***

Where the fair value of financial assets and financial liabilities recorded in the condensed interim statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including

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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.3 Financial instruments (continued)**

the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**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 condensed interim statement of profit or loss. Fair value is determined in the manner described in note 6.

**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.

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**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.3 Financial instruments (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 company 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 condensed interim 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) 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. Financial liability is derecognised when it is extinguished.

**3.4 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.

**3.5 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 condensed interim statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the condensed interim statement of profit or loss.

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.

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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.6 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.

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.

**3.7 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.

**3.8 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 three 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.

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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.8 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 condensed interim 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 or 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 condensed interim statement of profit or loss on a straight-line basis over the lease term.

**3.9 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.

**3.10 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each condensed interim 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 condensed interim statement of profit or loss. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

**3.11 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 condensed interim financial statements.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**3 Significant accounting policies (continued)**

**3.12 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.

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

**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.J.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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

*Classification of investment properties*

The Company's makes judgement to determine whether certain properties qualify as investment properties and follows the of IAS 40 'Investment Property' to consider whether any owner-occupied properties are not significant and are classified accordingly as investment properties.

*Classification of investments*

Management decides on acquisition of an investment whether it should be classified as of fair value through profit or loss, at fair value through other comprehensive income or at amortised cost.

*Valuation of unquoted equity investments*

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same; and
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics, or other valuation models.

*Provision for legal cases*

Considerable judgement by management is required in the estimation for legal cases arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

**3.14 Premium Deficiency Reserve adjustments**

The adjustment mainly refers to Premium Deficiency Reserve (PDR) due to certain changes in the methodology adopted by the Management based on actuarial recommendation. Accordingly, the Management had accounted the impact amounting to AED 9 million (AED 7 million in quarter ended 31 March, 2023 and AED 2 Million in quarter ended 30 June, 2023) prospectively under IFRS 4. However, on adoption of IFRS 17 during the current period, these costs have been retrospectively applied in the last quarter of 2022 and reversed the provision recorded in the books in the current period.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**4 Property and equipment**

	Land AED	Building AED	Office equipment and decoration AED	Computers and software AED	Motor vehicles AED	Capital work in progress AED	Total AED
<b>Cost</b>							
At 1 January 2022	10,390,000	28,571,039	6,111,375	3,370,661	302,143	6,466,653	55,211,871
Additions during the year	-	-	41,077	215,185	403,495	453,466	1,113,223
At 31 December 2022	10,390,000	28,571,039	6,152,452	3,585,846	705,638	6,920,119	56,325,094
Additions during the period	-	-	280,241	105,064	-	313,938	699,243
(Deletions) during the period	-	-	-	-	(240,000)	-	(240,000)
<b>At 30 September 2023 (Un-audited)</b>	<b>10,390,000</b>	<b>28,571,039</b>	<b>6,432,693</b>	<b>3,690,910</b>	<b>465,638</b>	<b>7,234,057</b>	<b>56,784,337</b>
<b>Accumulated depreciation</b>							
At 1 January 2022	-	2,698,376	5,814,848	3,135,080	301,750	-	11,950,054
Charge for the year	-	952,368	203,051	166,341	42,933	-	1,364,693
At 31 December 2022	-	3,650,744	6,017,899	3,301,421	344,683	-	13,314,747
Charge for the period	-	714,276	89,378	130,797	75,724	-	1,010,175
(Disposals) for the period	-	-	-	-	(240,000)	-	(240,000)
<b>At 30 September 2023 (Un-audited)</b>	<b>-</b>	<b>4,365,020</b>	<b>6,107,277</b>	<b>3,432,218</b>	<b>180,407</b>	<b>-</b>	<b>14,084,922</b>
<b>Carrying amount</b>							
<b>At 30 September 2023 (Un-audited)</b>	<b>10,390,000</b>	<b>24,206,019</b>	<b>325,416</b>	<b>258,692</b>	<b>285,231</b>	<b>7,234,057</b>	<b>42,699,415</b>
At 31 December 2022	10,390,000	24,920,295	134,553	284,425	360,955	6,920,119	43,010,347

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**5 Insurance and reinsurance contracts**

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in asset position and those in a liability position is set out in the table below:

	(Un-audited) At 30 September 2023			(Un-audited) At 31 December 2022		
	Assets AED	Liabilities AED	Net AED	Assets AED	Liabilities AED	Net AED
<b>Insurance contracts issued</b>	<b>(430,892)</b>	<b>209,530,551</b>	<b>209,099,659</b>	<b>(1,969,704)</b>	<b>202,497,691</b>	<b>200,527,987</b>
<b>Reinsurance contracts held</b>	<b>160,687,188</b>	<b>(393,586)</b>	<b>160,293,602</b>	<b>116,984,132</b>	<b>-</b>	<b>116,984,132</b>

The roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table on the next page:

**Insurance House P.J.S.C.**  
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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**5 Insurance and reinsurance contracts (continued)**

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)  
2023

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component (Un-audited)	Loss component (Un-audited)	Estimates of the present value of future cash flows (Un-audited)	Risk adjustment (Un-audited)	(Un-audited)
	AED	AED	AED	AED	AED
Insurance contract assets as at 1 January	(18,425,204)	568,097	15,689,165	198,238	(1,969,704)
Insurance contract liabilities as at 1 January	19,613,478	23,090,427	156,469,044	3,324,742	202,497,691
<b>Net Insurance contract liabilities as at 1 January</b>	<b>1,188,274</b>	<b>23,658,524</b>	<b>172,158,209</b>	<b>3,522,980</b>	<b>200,527,987</b>
<b>Insurance revenue</b>	<b>(185,048,333)</b>	-	-	-	<b>(185,048,333)</b>
<b>Insurance service expenses</b>	<b>36,588,084</b>	<b>(11,782,315)</b>	<b>203,480,652</b>	<b>406,368</b>	<b>228,692,789</b>
Incurred claims and other expenses*	-	-	300,575,495	3,929,348	304,504,843
Changes to liabilities for incurred claims	-	-	(97,094,843)	(3,522,980)	(100,617,823)
Amortisation of insurance acquisition cash flows	36,588,084	-	-	-	36,588,084
Future Service: Losses on onerous contracts and reversals of those losses	-	(11,782,315)	-	-	(11,782,315)
<b>Insurance service result gain / (loss)</b>	<b>(148,460,249)</b>	<b>(11,782,315)</b>	<b>203,480,652</b>	<b>406,368</b>	<b>43,644,456</b>
Insurance finance expenses through profit and loss	-	-	5,994,204	-	5,994,204
<b>Total changes in condensed interim statement of comprehensive income</b>	<b>(148,460,249)</b>	<b>(11,782,315)</b>	<b>209,474,856</b>	<b>406,368</b>	<b>49,638,660</b>
<b>Cash flows</b>					
Premiums received	162,274,677	-	-	-	162,274,677
Claims paid	-	-	(175,870,395)	-	(175,870,395)
Directly attributable expense paid	-	-	(24,857,523)	-	(24,857,523)
Insurance acquisition cash flows	(2,613,747)	-	-	-	(2,613,747)
<b>Total cash flows</b>	<b>159,660,930</b>	-	<b>(200,727,918)</b>	-	<b>(41,066,988)</b>
Insurance contract assets as at 30 September	(888,511)	-	438,932	18,687	(430,892)
Insurance contract liabilities as at 30 September	13,277,466	11,876,209	180,466,214	3,910,662	209,530,551
<b>Net insurance contract liabilities as at 30 September</b>	<b>12,388,955</b>	<b>11,876,209</b>	<b>180,905,146</b>	<b>3,929,349</b>	<b>209,099,659</b>

\* Incurred claims and other expenses for the period ended 30 September, 2023 is net of AED 9,306,539 from motor insurance relating to reinsurance treaty of 2022 which has finalized in the current period.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**5 Insurance and reinsurance contracts (continued)**

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

2022

	Liabilities for remaining coverage Excluding loss component (Un-audited)	Loss component (Un-audited)	Liabilities for incurred claims Estimates of the present value of future cash flows (Un-audited)	Risk adjustment (Un-audited)	Total (Un-audited)
	AED	AED	AED	AED	AED
Insurance contract assets as at 1 January	-	-	-	-	-
Insurance contract liabilities as at 1 January	19,522,717	253,781	125,015,485	3,290,352	148,082,335
<b>Net Insurance contract liabilities as at 1 January</b>	<b>19,522,717</b>	<b>253,781</b>	<b>125,015,485</b>	<b>3,290,352</b>	<b>148,082,335</b>
Insurance revenue	(249,971,841)	-	-	-	(249,971,841)
Insurance service expenses	31,694,587	23,404,744	252,660,290	232,627	307,992,248
Incurred claims and other expenses	-	-	336,528,050	3,522,980	340,051,030
Changes to liabilities for incurred claims	-	-	(83,867,760)	(3,290,353)	(87,158,113)
Amortisation of insurance acquisition cash flows	31,694,587	-	-	-	31,694,587
Future Service: Losses on onerous contracts and reversals of those losses	-	23,404,744	-	-	23,404,744
<b>Insurance service result (gain) / loss</b>	<b>(218,277,254)</b>	<b>23,404,744</b>	<b>252,660,290</b>	<b>232,627</b>	<b>58,020,407</b>
Insurance finance expenses through profit and loss	-	-	1,137,384	-	1,137,384
<b>Total changes in condensed interim statement of comprehensive income</b>	<b>(218,277,254)</b>	<b>23,404,744</b>	<b>253,797,674</b>	<b>232,627</b>	<b>59,157,791</b>
<b>Cash flows</b>					
Premiums received	251,456,171	-	-	-	251,456,171
Claims paid	-	-	(159,162,835)	-	(159,162,835)
Directly attributable expense paid	-	-	(47,492,115)	-	(47,492,115)
Insurance acquisition cash flows	(51,513,360)	-	-	-	(51,513,360)
<b>Total cash flows</b>	<b>199,942,811</b>	<b>-</b>	<b>(206,654,950)</b>	<b>-</b>	<b>(6,712,139)</b>
Insurance contract assets as at 31 December	(18,425,204)	568,097	15,689,165	198,238	(1,969,704)
Insurance contract liabilities as at 31 December	19,613,478	23,090,427	156,469,044	3,324,742	202,497,691
<b>Net insurance contract liabilities as at 31 December</b>	<b>1,188,274</b>	<b>23,658,524</b>	<b>172,158,209</b>	<b>3,522,980</b>	<b>200,527,987</b>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**5 Insurance and reinsurance contracts (continued)**

Roll-forward of net asset or liability for reinsurance contracts issued showing the liability for remaining coverage and the liability for incurred claims  
2023

	Assets for remaining coverage Excluding loss component (Un-audited)	Loss component (Un-audited)	Assets for incurred claims Estimates of the present value of future cash flows (Un-audited)	Risk adjustment (Un-audited)	Total (Un-audited)
	AED	AED	AED	AED	AED
Reinsurance contract assets as at 1 January	27,195,140	9,743,398	77,974,242	2,071,352	116,984,132
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
<b>Net Reinsurance contract assets as at 1 January</b>	<b>27,195,140</b>	<b>9,743,398</b>	<b>77,974,242</b>	<b>2,071,352</b>	<b>116,984,132</b>
<b>Allocation of reinsurance premium</b>	<b>(102,612,192)</b>	<b>(9,743,398)</b>	<b>-</b>	<b>-</b>	<b>(112,355,590)</b>
<b>Net income or (expense) from reinsurance contracts held</b>	<b>17,871,325</b>	<b>4,156,673</b>	<b>100,072,970</b>	<b>456,606</b>	<b>122,557,574</b>
Incurred claims and other expenses	-	-	147,643,192	2,527,958	150,171,150
Changes that relate to past service - adjustments to LIC	-	-	(47,570,222)	(2,071,352)	(49,641,574)
Amortisation of reinsurance acquisition cash flows	17,871,325	-	-	-	17,871,325
Future Service: Loss recovery on underlying contracts	-	4,156,673	-	-	4,156,673
<b>Reinsurance service result loss / (gain)</b>	<b>(84,740,867)</b>	<b>(5,586,724)</b>	<b>100,072,970</b>	<b>456,606</b>	<b>10,201,985</b>
Reinsurance finance income through profit and loss	-	-	2,614,334	-	2,614,334
<b>Total changes in condensed interim statement of comprehensive income</b>	<b>(84,740,867)</b>	<b>(5,586,724)</b>	<b>102,687,304</b>	<b>456,606</b>	<b>12,816,319</b>
<b>Cash flows</b>					
Reinsurer premiums paid	(121,656,615)	-	-	-	(121,656,615)
Claim recoveries from reinsurance	-	-	83,636,090	-	83,636,090
Directly attributable expense paid	-	-	-	-	-
Acquisition cash flows recovered from reinsurance	7,527,374	-	-	-	7,527,374
<b>Total cash flows</b>	<b>(114,129,241)</b>	<b>-</b>	<b>83,636,090</b>	<b>-</b>	<b>(30,493,151)</b>
Reinsurance contract assets as at 30 September	57,299,331	4,156,673	96,719,789	2,511,395	160,687,188
Reinsurance contract liabilities as at 30 September	(715,818)	-	305,668	16,564	(393,586)
<b>Net reinsurance contract assets as at 30 September</b>	<b>56,583,513</b>	<b>4,156,673</b>	<b>97,025,457</b>	<b>2,527,958</b>	<b>160,293,602</b>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**5 Insurance and reinsurance contracts (continued)**

Roll-forward of net asset or liability for reinsurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)  
2022

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss component (Un-audited)	Loss component (Un-audited)	Estimates of the present value of future cash flows (Un-audited)	Risk adjustment (Un-audited)	Total (Un-audited)
	AED	AED	AED	AED	AED
Reinsurance contract assets as at 1 January	(4,171,902)	-	70,552,890	1,905,057	68,286,045
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
<b>Net Reinsurance contract assets as at 1 January</b>	<b>(4,171,902)</b>	<b>-</b>	<b>70,552,890</b>	<b>1,905,057</b>	<b>68,286,045</b>
Allocation of reinsurer premium	(129,193,984)	-	-	-	(129,193,984)
<b>Net income or (expense) from reinsurance contracts held</b>	<b>33,345,258</b>	<b>9,743,398</b>	<b>118,256,821</b>	<b>166,295</b>	<b>161,511,772</b>
Incurred claims and other expenses	-	-	159,732,010	2,071,352	161,803,362
Changes that relate to past service - adjustments to LIC	-	-	(41,475,189)	(1,905,057)	(43,380,246)
Amortisation of reinsurance acquisition cash flows	33,345,258	-	-	-	33,345,258
Future Service: Loss recovery on underlying contracts	-	9,743,398	-	-	9,743,398
<b>Reinsurance service result (loss) / gain</b>	<b>(95,848,726)</b>	<b>9,743,398</b>	<b>118,256,821</b>	<b>166,295</b>	<b>32,317,788</b>
Reinsurance finance income through profit and loss	-	-	515,784	-	515,784
<b>Total changes in condensed interim statement of comprehensive income</b>	<b>(95,848,726)</b>	<b>9,743,398</b>	<b>118,772,605</b>	<b>166,295</b>	<b>32,833,572</b>
<b>Cash flows</b>					
Reinsurer premiums paid	(157,874,000)	-	-	-	(157,874,000)
Claim recoveries from reinsurance	-	-	111,351,253	-	111,351,253
Directly attributable expense paid	-	-	-	-	-
Acquisition cash flows recovered from reinsurance	30,658,232	-	-	-	30,658,232
<b>Total cash flows</b>	<b>(127,215,768)</b>	<b>-</b>	<b>111,351,253</b>	<b>-</b>	<b>(15,864,515)</b>
Reinsurance contract assets as at 31 December	27,195,140	9,743,398	77,974,242	2,071,352	116,984,132
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
<b>Net reinsurance contract assets as at 31 December</b>	<b>27,195,140</b>	<b>9,743,398</b>	<b>77,974,242</b>	<b>2,071,352</b>	<b>116,984,132</b>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**6 Financial assets**

	(Un-audited) 30 September 2023 AED	(Audited) 31 December 2022 AED
<b>Investments carried at FVTOCI</b>		
Quoted equity securities	18,741,726	30,997,354
Quoted Tier 1 perpetual securities	1,089,300	2,555,228
Unquoted Tier 1 perpetual securities	6,950,000	6,950,000
	<u>26,781,026</u>	<u>40,502,582</u>
<b>Investments carried at FVTPL</b>		
Quoted equity securities	3,707,700	6,948,829
Unquoted debt securities (Note - 9)	-	7,000,000
	<u>3,707,700</u>	<u>13,948,829</u>

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

	(Un-audited) 30 September 2023 AED	(Audited) 31 December 2022 AED
<b>Investments carried at FVTOCI</b>		
Fair value at 1 January	40,502,582	51,296,714
Additions	-	11,330,115
Disposals	(15,346,624)	(21,732,807)
Change in fair value	1,625,068	(391,440)
Fair value at the end of the reporting period / year	<u>26,781,026</u>	<u>40,502,582</u>
<b>Investments carried at FVTPL</b>		
Fair value at 1 January	13,948,829	12,249,031
Additions	3,918,124	10,119,102
Disposals	(6,896,305)	(9,323,263)
Change in fair value taken to profit or loss	(262,948)	903,959
Reclassified to cash and cash equivalents (Note - 9)	(7,000,000)	-
Fair value at the end of the reporting period / year	<u>3,707,700</u>	<u>13,948,829</u>

The geographical distribution of investments is as follows:

	(Un-audited) 30 September 2023 AED	(Audited) 31 December 2022 AED
Quoted UAE equity securities	21,138,361	36,674,355
Quoted outside UAE Tier 1 Perpetual securities	1,089,304	2,555,227
Unquoted UAE debt securities (Note - 9)	-	7,000,000
Unquoted UAE Tier 1 securities	6,950,000	6,950,000
Quoted outside UAE equity securities	1,311,061	1,271,829
	<u>30,488,726</u>	<u>54,451,411</u>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**6 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>30 September 2023 (Un-audited)</b>					
<b>Investments at FVTOCI</b>					
Investment in quoted securities	(a)	18,741,726	-	-	18,741,726
Quoted Tier 1 perpetual securities	(a)	1,089,300	-	-	1,089,300
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		<u>19,831,026</u>	<u>-</u>	<u>6,950,000</u>	<u>26,781,026</u>
<b>Investments at FVTPL</b>					
Investment in quoted equity securities	(a)	3,707,700	-	-	3,707,700
		<u>3,707,700</u>	<u>-</u>	<u>-</u>	<u>3,707,700</u>
<b>31 December 2022 (Audited)</b>					
<b>Investments at FVTOCI</b>					
Investment in quoted securities	(a)	30,997,354	-	-	30,997,354
Quoted Tier 1 perpetual securities		2,555,228	-	-	2,555,228
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		<u>33,552,582</u>	<u>-</u>	<u>6,950,000</u>	<u>40,502,582</u>
<b>Investments at FVTPL</b>					
Investment in quoted equity securities	(a)	6,948,829	-	-	6,948,829
Unquoted Tier 1 perpetual securities		-	-	7,000,000	7,000,000
		<u>6,948,829</u>	<u>-</u>	<u>7,000,000</u>	<u>13,948,829</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.J.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**7 Statutory deposits**

In accordance with the requirement of Federal Law No. 6 of 2007, as amended, concerning Insurance Companies and Agents, the Company maintains a bank deposit amounting to AED 6,000,000 as of 30 September 2023 (31 December 2022: AED 6,000,000) and it cannot be utilized without the consent of the Central Bank of the U.A.E. ("CBUAE").

**8 Other receivables and prepayments**

	(Un-audited)	(Audited)
	30 September	31 December
	2023	2022
	AED	AED
Prepayments	3,837,301	8,487,851
Rent receivable	1,058,778	1,613,778
Accrued interest income	801,512	954,103
Guarantee deposits	663,257	931,292
Other advances	306,528	349,684
	<b>6,667,376</b>	<b>12,336,708</b>

**9 Cash and cash equivalents**

	(Un-audited)	(Audited)
	30 September	31 December
	2023	2022
	AED	AED
Cash on hand	5,000	5,000
Cash at banks - current accounts	-	16,102,533
Cash at bank - call account	10,046,397	15,318,930
Fixed deposits	-	24,504,440
Deposit in commercial paper ( <i>Refer note iii</i> )	7,000,000	-
Cash and bank balances	<b>17,051,397</b>	<b>55,930,903</b>
Less: fixed deposits with an original maturity of more than three months	-	(14,000,000)
Cash and cash equivalents	<b>17,051,397</b>	<b>41,930,903</b>

- Cash at banks includes current accounts and call account balances amounting to AED 6,696,877 as of 30 September 2023 held with a financial institution which is a related party (call account balances are interest bearing) (31 December 2022: AED 9,113,164).
- Bank fixed deposits as of 30 September 2023 amounting to AED Nil (31 December 2022: AED 24,504,440) carry interest rates of 5.25% p.a. (31 December 2022: 4.75% - 5.25% p.a.)
- The company has reclassified investment in commercial paper to cash and cash equivalents as the maturity is less than 3 months.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**10 Capital and reserves**

*Share capital*

	2023 AED	2022 AED
<i>Authorised, issued and fully paid:</i>		
118,780,500 shares of AED 1 each	<u>118,780,500</u>	<u>118,780,500</u>

**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 CBUAE.

**Statutory reserve**

In accordance with the UAE Federal Law No. 32 of 2021, concerning Commercial Companies and the Company's Articles of Association, 10% of net profit were to be transferred to a 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 any distribution to the shareholders.

**Reinsurance reserve**

In accordance with Article (34) to Insurance Authority's Board of Directors Decision No (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of the United Arab Emirates ("CBUAE") shall bind in the preparation of its annual financial statements and its final accounts to allocate an amount equal to 0.5% (Five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Company deals to pay what is due to the Company or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and may not be disposed of without the written approval of the Assistant Governor of the Banking and Insurance Supervision Department of CBUAE. The decision was effective from 1 December 2020. Accordingly, an amount of AED 650,848 (31 December 2022: 650,848) has been recorded in equity as a reinsurance default risk reserve.

**Treasury shares**

During the previous year, the Company bought back a total number of 5.3 million outstanding shares with AED 4,660,318.

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

	(Un-audited) 30 September 2023 AED	(Audited) 31 December 2022 AED
Balance as at 1 January	3,208,318	2,883,016
Charges during the period / year	394,423	667,476
Benefits paid during the period / year	(873,183)	(342,174)
Balance at the end of the period / year	<u>2,729,558</u>	<u>3,208,318</u>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**12 Other payables**

	(Un-audited)	(Audited) (Restated)
	30 September	31 December
	2023	2022
	AED	AED
Payables-inside UAE	15,274,215	17,877,095
	<u>15,274,215</u>	<u>17,877,095</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)	(Audited)
	30 September	31 December 2022
	2023	
	AED	AED
Related party payables (Note 16)	11,647,789	14,047,973
VAT output tax payable (net)	610,449	-
Other accrued expenses	3,015,977	3,829,122
	<u>15,274,215</u>	<u>17,877,095</u>

**13 Income from investments**

	(Un-audited)	(Un-Audited)
	Nine months	Nine months
	period ended	period ended
	30 September	30 September
	2023	2022
	AED	AED
Dividend income on investment in financial assets	1,367,005	1,702,096
Interest income from fixed income securities	588,610	590,557
Interest income on fixed deposits and call account (net)	492,525	663,107
Realized gain on sale of investments carried at FVTPL	1,502,114	1,392,593
Unrealized (loss)/gain on revaluation of investments (FVTPL)	(261,703)	903,906
Reclassification of unrealized loss in disposal of investment at FVTOCI-debt	(69,752)	-
	<u>3,618,799</u>	<u>5,252,259</u>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**14 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) Nine months period ended 30 September 2023	(Un-audited)- Restated Nine months period ended 30 September 2022
<b>Earnings (AED):</b>		
Loss for the period	<u>(32,575,238)</u>	<u>(11,842,122)</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of earnings per share	<u>118,780,500</u>	<u>118,780,500</u>
<b>Loss per share (AED):</b>		
Basic and diluted	<u>(0.27)</u>	<u>(0.10)</u>

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

**15 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.

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.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**15 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, as amended, 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 September 2023 AED	(Restated) 31 December 2022 AED
Total capital and reserves	36,097,084	67,100,101
Minimum regulatory capital (Note 1.1)	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:

- 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.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**15 Risk management (continued)**

**Credit risk (continued)**

amongst approved counterparties. Credit exposure is controlled by counter party limits that are reviewed and approved by the management annually.

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, 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

**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 September 2023.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**Liquidity risk (continued)**

	Less than 1 year AED	More than 1 year AED	Total AED
<b><u>Financial assets</u></b>			
Interest bearing	17,051,397	7,089,304	24,140,701
Non-interest bearing	270,057,725	-	270,057,725
	<u>287,109,122</u>	<u>7,089,304</u>	<u>294,198,426</u>
<b><u>Financial liabilities</u></b>			
Non-interest bearing	<u>158,576,713</u>	<u>-</u>	<u>158,576,713</u>

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

	Less than 1 year AED	More than 1 year AED	Total AED
<b><u>Financial assets</u></b>			
Interest bearing	55,930,903	15,555,227	71,486,130
Non-interest bearing	251,263,704	-	251,263,704
	<u>307,194,607</u>	<u>15,555,227</u>	<u>322,749,834</u>
<b><u>Financial liabilities</u></b>			
Non-interest bearing	<u>171,551,685</u>	<u>-</u>	<u>171,551,685</u>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**16 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 September 2023 AED	(Audited) 31 December 2022 AED
<b>Premium and insurance balances receivables</b>		
<i>Shareholder</i>		
Finance House P.J.S.C	6,320,610	4,245,137
<i>Others</i>		
Finance House L.L.C	502,573	15,933
Finance House Securities L.L.C.	218,451	10,248
Mohamed Abdulla Jumaa Al Qubaisi	4,141	-
	<u>7,045,776</u>	<u>4,271,318</u>
<b>Insurance and other payables</b>		
<i>Shareholder</i>		
Finance House P.J.S.C	10,500,000	12,000,000
<i>Others</i>		
FH Capital P.S.C	1,078,798	2,047,973
Finance House Securities L.L.C.	68,991	-
	<u>11,647,789</u>	<u>14,047,973</u>
<b>Investments</b>		
<i>Shareholder</i>		
Finance House PJSC – Sukuks	6,950,000	6,950,000
Finance House Securities LLC – Commercial papers	-	7,000,000
	<u>6,950,000</u>	<u>13,950,000</u>
<b>Cash and cash equivalents</b>		
<i>Shareholder (Finance House PJSC)</i>		
Cash at banks - current accounts	78,812	173,177
Cash at bank - call account	6,158,076	9,113,164
Cash at banks – fixed deposit	-	14,000,000
<i>Others</i>		
Finance House Securities LLC – Commercial papers	7,000,000	-
Cash at banks - current accounts	119,253	119,353
	<u>13,356,141</u>	<u>23,405,694</u>
<b>Tier 1 capital</b>		
<i>Others</i>		
Abdulmajeed Al Fahim	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

Finance House P.J.S.C is one of the major shareholders of the Company as of 30 September 2023. 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.J.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**16 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) Nine months period ended 30 September 2023 AED	(Un-audited) Nine months period ended 30 September 2022 AED
<b>Finance House P.J.S.C</b>		
Gross premiums written	2,161,615	2,610,926
Interest on Fixed deposit	185,597	-
Management fee	4,500,000	4,500,000
Interest on Sukuk	317,402	301,834
<b>Finance House Securities</b>		
Purchase of shares	-	14,004,017
Disposal of shares	22,116,077	28,837,765
Gross premium written	20,748	404,206
Interest on investment in commercial paper	198,625	170,019
<b>Finance House L.L.C</b>		
Gross premiums written	486,640	-
<b>FH Capital</b>		
Service fees	380,796	324,973

**17 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.J.S.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**17 Segment information (continued)**

**Primary segment information - business segment**

	Nine months period ended 30 September 2023 (Un-audited)			Nine months period ended 30 September 2022 (Un-audited)- Restated		
	<u>Underwriting</u>	<u>Investments</u>	<u>AED Total</u>	<u>Underwriting</u>	<u>Investments</u>	<u>AED Total</u>
Segment revenue	185,048,333	3,618,799	188,667,132	177,463,001	5,252,259	182,715,260
Segment result	(36,822,341)	3,618,799	(33,203,543)	(16,414,415)	5,252,259	(11,162,156)
Unallocated income/expense, net			628,305			(679,966)
Net loss for the period			<u>(32,575,238)</u>			<u>(11,842,122)</u>

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

	30 September 2023 AED (Un-audited)			31 December 2022 AED (Audited)-Restated		
	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>
Segment assets	215,660,393	30,488,726	246,149,119	178,331,187	54,451,411	232,782,598
Unallocated assets			17,051,397			55,930,903
<b>Total assets</b>			<u>263,200,516</u>			<u>288,713,501</u>
Segment liabilities	219,796,715	4,577,159	224,373,874	211,206,114	7,198,968	218,405,082
Equity			36,097,084			67,100,101
Unallocated liabilities			2,729,558			3,208,318
<b>Total liabilities and equity</b>			<u>263,200,516</u>			<u>288,713,501</u>

b) Secondary segment information – revenue from underwriting departments

The following is an analysis of the Company's revenues classified by major underwriting department.

	(Un-audited) Nine months period ended 30 September 2023 AED	(Un-audited)- Restated Nine months period ended 30 September 2022 AED
Non – Marine	114,221,291	101,940,070
Medical and personal assurance	70,412,771	73,879,910
Marine	414,271	1,643,021
	<u>185,048,333</u>	<u>177,463,001</u>

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

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**18 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 6.9 million (31 December 2022: AED 6.9 million).

**19 Note on corporate tax**

On 9 December 2022, UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the condensed interim financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 - Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Company will be subject to taxation commencing 01 January 2024. Currently, the Company is in the process of assessing the deferred tax implication.

**20 Subsequent events**

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

**21 General**

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

**22 Restatement**

During the period ended 31 March 2023, Management had identified errors in the accounting of transactions related to the reinsurance business of medical and personal assurance for prior periods. Management is in the process of evaluating the outcome of independent consultant to investigate and conclude these errors along with the necessary action including the strengthening the related financial controls. Management had carried out internal assessment and provisionally assessed the impact on a best estimate basis and accounted for reversal of receivable from reinsurance contract aggregating AED 69,343,226 as at 31 December 2022 with corresponding impact to Accumulated Losses.

In accordance with the requirements of 'IAS 1 Presentation of Financial Statements' and 'IAS 8 Accounting policies, Changes in Accounting Estimates and Errors', the prior period errors had been corrected retrospectively by restating the relevant comparative balances in these condensed interim financial statements.

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

**22 Restatement (continued)**

Refer table below for details of restatement:

**a) Restatement as at January 1, 2022**

	1 January 2022 Previously reported (restated under IFRS 17) AED	Adjustment AED	1 January 2022 Restated AED
<b>Financial Statement Level Item</b>			
Reinsurance contract assets	121,152,115	(52,866,070)	68,286,045
Accumulated losses	(7,218,992)	(52,866,070)	(60,085,062)

**b) Restatement as at December 31, 2022**

	31 December 2022 Previously reported (restated under IFRS 17)	Adjustment	31 December 2022 Restated
<b>Financial Statement Level Item</b>			
Reinsurance contract assets	186,327,358	(69,343,226)	116,984,132
<b>Accumulated losses restated under IFRS 17</b>			
Opening retained earnings/(losses)	(7,218,992)	(52,866,070)	(60,085,062)
Movement for the year	(1,379,429)	(16,477,156)	(17,856,585)
<b>Closing balance of accumulated losses</b>	<b>(8,598,421)</b>	<b>(69,343,226)</b>	<b>(77,941,647)</b>

**c) Restatement of Statement of profit or loss for the period ended September 30, 2022**

	Nine months period ended 30 September 2022 Previously reported (restated under IFRS 17)	Adjustment	Nine months period ended 30 September 2022 Restated
<b>Financial Statement Line Item</b>			
Allocation of reinsurance premiums	(90,426,642)	-	(90,426,642)
Amounts recoverable from reinsurance for incurred claims	146,719,027	(16,477,156)	130,241,871
<b>Net expenses from reinsurance contracts held</b>	<b>56,292,385</b>	<b>(16,477,156)</b>	<b>39,815,229</b>
<b>Profit/(loss) for the period</b>	<b>4,635,034</b>	<b>(16,477,156)</b>	<b>(11,842,122)</b>
<b>Total comprehensive income/ (loss) for the period</b>	<b>4,634,429</b>	<b>(16,477,156)</b>	<b>(11,842,727)</b>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 September 2023**

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**23      Approval of condensed interim financial statements**

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on 13 November 2023.