Al Dhafra Insurance Company P.S.C.

Condensed Interim Financial Information (Unaudited)
For the nine-month period ended 30 September 2023

Al Dhafra Insurance Company P.S.C.

Condensed Interim Financial Information (Un-audited)
For the nine-months period ended 30 September 2023

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Report on review of the condensed interim financial information
To the Board of Directors of Al Dhafra Insurance Company P.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Dhafra Insurance Company P.S.C. (the "Company") as at 30 September 2023 and the related condensed interim statement of profit or loss and the statement of comprehensive income for the three-month and nine-month period then ended, and the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the nine-month period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial information in accordance with International Accounting Standard 34 ("IAS 34") **"Interim Financial Reporting"** as issued by the International Accounting Standard Board (IASB). Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, **"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".** A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 **Interim Financial Reporting.**

Grant Thornton

GRANT THORNTON
Dr. Osama El-Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates
Date: 9 November 2023

Condensed interim statement of financial position
As at 30 September 2023

	Notes	(Unaudited) 30 September 2023 AED	Restated (Unaudited) 31 December 2022 AED	Restated (Unaudited) 31 December 2021 AED
ASSETS				
Insurance contract assets	8	**70,660,467**	30,449,506	87,649,858
Reinsurance contract assets	8	**318,970,428**	319,370,500	287,689,443
Property and equipment		**876,397**	831,555	1,270,692
Intangible assets		**3,710,530**	3,232,583	3,287,444
Right-of-use assets	17	**5,994,080**	6,698,531	4,305,866
Investment properties		**70,012,225**	70,012,225	65,812,225
Statutory deposit	4	**9,980,000**	9,980,000	9,980,000
Investments carried at fair value through other comprehensive income	5	**247,713,784**	240,956,595	245,695,433
Investments carried at fair value through profit and loss	6	**114,114,878**	116,532,321	103,340,654
Prepayments and other receivables	7	**6,418,520**	4,736,844	5,974,491
Deposits	9	**166,409,643**	176,988,081	165,330,125
Cash and cash equivalents	9	**39,726,911**	24,543,655	49,090,158
TOTAL ASSETS		**1,054,587,863**	1,004,332,396	1,029,426,389
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		**100,000,000**	100,000,000	100,000,000
Legal reserve		**50,000,000**	50,000,000	50,000,000
General reserve		**145,000,000**	145,000,000	145,000,000
Investment revaluation reserve		**60,235,785**	49,703,235	54,442,073
Reinsurance reserve		**4,523,976**	3,488,946	2,260,256
Retained earnings		**109,789,175**	95,201,401	108,468,245
TOTAL EQUITY		**469,548,936**	443,393,582	460,170,574
LIABILITIES				
Insurance contract liabilities	8	**517,583,527**	500,693,111	506,689,581
Reinsurance contract liabilities	8	**42,481,992**	22,516,538	26,481,030
Provision for employees' end of service benefits		**7,564,558**	7,293,748	8,456,579
Lease liabilities	17	**5,909,477**	6,538,945	4,015,012
Other payables	11	**11,499,373**	23,896,472	23,613,613
TOTAL LIABILITIES		**585,038,927**	560,938,814	569,255,815
TOTAL EQUITY AND LIABILITIES		**1,054,587,863**	1,004,332,396	1,029,426,389

This condensed interim financial information was approved by the Board of Directors on 9 November 2023 and signed on their behalf by:

Assistant General Manager Finance

General Manager

Board member

AL DHAFRA INSURANCE CO. P.S.C. FAD 1 ABU DHABI

The accompanying notes from 1 to 22 form an integral part of this condensed interim financial information.

Condensed interim statement of profit or loss
As at 30 September 2023

		Three-month period ended 30 September		Nine-month period ended 30 September	
		2023	2022	**2023**	2022
			Restated		Restated
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	**AED**	AED	**AED**	AED
Insurance revenue		**77,086,495**	86,477,740	**238,652,564**	238,698,965
Insurance service expenses		**(57,536,298)**	(81,131,790)	**(167,631,954)**	(258,908,989)
Insurance service result before reinsurance contracts held		**19,550,197**	5,345,950	**71,020,610**	(20,210,024)
Net (expenses)/income from reinsurance contracts held		**(21,568,955)**	(6,863,453)	**(67,730,657)**	15,240,655
Insurance service result		**(2,018,758)**	(1,517,503)	**3,289,953**	(4,969,369)
Income from Investments	14	**6,615,403**	2,677,303	**31,442,100**	9,919,431
Income from Investment properties	14	**444,519**	664,127	**1,531,725**	1,654,878
Total investment income		**7,059,922**	3,341,430	**32,973,825**	11,574,309
Insurance finance income for insurance contracts issued		**1,094,130**	680,100	**1,795,155**	1,393,335
Net insurance and investment results		**6,135,294**	2,504,027	**38,058,933**	7,998,275
Other income relating to underwriting		**2,676,514**	3,697,232	**10,597,508**	8,742,973
Provision for other technical expenses		**(3,000,000)**	-	**(3,000,000)**	-
Other finance costs		**(97,797)**	(37,481)	**(293,392)**	(114,183)
PROFIT FOR THE PERIOD		**5,714,011**	6,163,778	**45,363,049**	16,627,065
Basic and diluted earnings per share	13	**0.06**	0.06	**0.45**	0.16

The accompanying notes from 1 to 22 form an integral part of this condensed interim financial information.

Condensed interim statement of comprehensive income
For the nine-month period ended 30 September 2023

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023	2022 Restated	**2023**	2022 Restated
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		AED	AED	**AED**	AED
Profit for the period		**5,714,011**	6,163,778	**45,363,049**	16,627,065
Other comprehensive income					
Items that will not be reclassified to statement of income:					
Change in fair value relating to investments carried at fair value through other comprehensive income	5	**11,464,293**	**4,342,833**	**10,532,550**	(4,306,817)
Other comprehensive income/(loss) for the period		**11,464,293**	**4,342,833**	**10,532,550**	(4,306,817)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**17,178,304**	10,506,611	**55,895,599**	12,320,248

The accompanying notes from 1 to 22 form an integral part of this condensed interim financial information.

Condensed interim statement of changes in equity
For the nine-month period ended 30 September 2023

	Share Capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Reinsurance reserve AED	Retained earnings AED	Total equity AED
Balance as at 1 January 2022, as previously reported	100,000,000	50,000,000	145,000,000	54,442,073	2,260,256	111,398,149	463,100,478
Adjustment on initial application of IFRS 17	-	-	-	-	-	(2,929,904)	(2,929,904)
Restated balance at 1 January 2022	100,000,000	50,000,000	145,000,000	54,442,073	2,260,256	108,468,245	460,170,574
Profit for the period (restated)	-	-	-	-	-	16,627,065	16,627,065
Dividends paid	-	-	-	-	-	(35,000,000)	(35,000,000)
Other comprehensive income for the period	-	-	-	(4,306,817)	-	-	(4,306,817)
Balance as at 30 September 2022 (Unaudited)	100,000,000	50,000,000	145,000,000	50,135,256	2,260,256	90,095,310	437,490,822
Balance as at 1 January 2023 (Unaudited)	**100,000,000**	**50,000,000**	**145,000,000**	**49,703,235**	**3,488,946**	**102,809,200**	**451,001,381**
Adjustment on initial application of IFRS 17	**-**	**-**	**-**	**-**	**-**	**(7,607,799)**	**(7,607,799)**
Restated balance as at 1 January 2023	**100,000,000**	**50,000,000**	**145,000,000**	**49,703,235**	**3,488,946**	**95,201,401**	**443,393,582**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**45,363,049**	**45,363,049**
Other comprehensive income for the period	**-**	**-**	**-**	**10,532,550**	**-**	**-**	**10,532,550**
Transfer to reinsurance reserve	**-**	**-**	**-**	**-**	**1,035,030**	**(1,035,030)**	**-**
Transfer to retained earnings on disposal of investment through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**259,755**	**259,755**
Dividends declared and paid	**-**	**-**	**-**	**-**		**(30,000,000)**	**(30,000,000)**
Balance as at 30 September 2023 (Unaudited)	**100,000,000**	**50,000,000**	**145,000,000**	**60,235,785**	**4,523,976**	**109,789,175**	**469,548,936**

The accompanying notes from 1 to 22 form an integral part of this condensed interim financial information.

Condensed interim statement of cash flows
For the nine-month period ended 30 September 2023

	Notes	Nine-month period ended 30 September 2023 (Unaudited) AED	Nine-month period ended 30 September 2022 Restated (Unaudited) AED
OPERATING ACTIVITIES			
Profit for the period		**45,363,049**	16,627,065
Adjustments for:			
Change in fair value of investments carried at fair value through profit or loss	6, 14	**(12,404,233)**	4,414,102
Gain on disposal of investments carried at fair value through profit or loss	14	**(3,165,000)**	(343,432)
Provision for employees' end of service benefits		**403,708**	404,893
Depreciation of property and equipment and right-of-use asset		**1,071,050**	1,381,985
Amortisation of intangible assets		**778,549**	739,325
Finance cost		**293,392**	114,183
Gain on lease contracts reassessment		**-**	(15,034)
Dividend income		**(9,902,747)**	(9,885,139)
Interest income	14	**(6,069,863)**	(4,228,341)
Cash flows from operating activities		**16,367,905**	9,209,607
Working capital changes:			
Changes in prepayments and other receivables		**(2,109,265)**	11,347,528
Change in Insurance and reinsurance contract assets/liabilities		**(2,955,020)**	18,524,427
Change in other payables		**(12,397,099)**	(18,340,214)
Cash (used in)/generated from operations		**(1,093,479)**	20,741,348
Employees' end of service benefits paid		**(132,898)**	(1,303,559)
Net cash (used in)/generated from operating activities		**(1,226,377)**	19,437,789
INVESTING ACTIVITIES			
Purchase of property and equipment		**(412,241)**	(195,851)
Purchase of intangible assets		**(1,256,496)**	(1,027,585)
Purchase of investments at FVTPL		**(1,542,813)**	(47,332,833)
Proceeds from disposal of FVTPL investments		**19,529,489**	34,314,162
Additions to investment properties		**-**	(2,100,000)
Proceeds from disposal of FVTOCI investments		**4,035,116**	-
Movement in Term deposits		**10,578,591**	10,160,989
Dividends received		**9,902,747**	9,885,139
Interest received		**6,279,691**	4,449,886
Net cash generated from investing activities		**47,114,084**	8,153,907
FINANCING ACTIVITIES			
Dividends paid		**(30,000,000)**	(35,000,000)
Payment of lease liabilities		**(704,451)**	(858,752)
Net cash used in financing activities		**(30,704,451)**	(35,858,752)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**15,183,256**	(8,267,056)
Cash and cash equivalents at the beginning of the period		**24,543,655**	49,090,158
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	**39,726,911**	40,823,102

The accompanying notes from 1 to 22 form an integral part of this condensed interim financial information

1 Legal status and principal activities

Al Dhafra Insurance Company P.S.C. (the "Company"), is a public shareholding company incorporated in Abu Dhabi by an Amiri Decree No. 8 of 1979.

The Federal Decree-Law No. 24 of 2020 which amends certain provisions of the U.A.E Federal Law No. 6 of 2007 on Establishment of Central Bank of the United Arab Emirates and Organisation of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector became under the supervision and authority of the CBUAE.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended) The Company is in compliance with applicable provisions of the UAE Federal Decree Law No. 32 of 2021 as at the date of these financial statements.

On 9 December 2022, the 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 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. In addition, certain other cabinet decisions are pending as on the date of these interim financial statements, the Company will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalised and published.

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

The Company is engaged in insurance of all classes of business with the exception of endowments and annuities. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 319, Abu Dhabi, United Arab Emirates.

2 Basis of preparation

2.1 Statement of compliance

The condensed interim financial information is prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The condensed interim financial information does not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2022. In addition, the results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2 Basis of preparation (continued)

2.1 Statement of compliance (continued)

The condensed interim financial information has been prepared on the historical cost basis except for the investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income and investment properties.

The condensed interim financial information is presented in United Arab Emirates Dirhams ("AED"), being the functional and presentation currency of the Company.

3 Significant accounting policies

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of this condensed interim financial information are consistent with those used in the audited 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 apply for the first time in 2023. However, these amendments and interpretations do not have material impact on the condensed interim financial information of the Company except for the adoption of IFRS 17 Insurance contracts. The requirements of IFRS 17 have resulted in significant changes to the accounting for insurance and reinsurance contracts. As a result, the Company has restated certain comparatives amounts in opening balances.

The Company has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

Standards, interpretations, and amendments to existing standards – Impact of new IFRS

IFRS 17 Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance 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 summarised, as follows:

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 and 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.

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)

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 incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) 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 derecognised 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 and fewer 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 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.

The Company expenses all of its insurance acquisition cash flows upon payment. No separate asset is recognized for deferred acquisition costs. Instead, qualifying 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.

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)
Changes to presentation and disclosure (continued)

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 last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its 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 modified retrospective approach to the extent practicable. Under the modified retrospective approach, at 1 January 2022 the Company:

- identified, recognised and measured each group 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 interim financial information line item and EPS. The effects of adopting IFRS 17 on the condensed interim financial information at 1 January 2021 are presented in the condensed interim statement of changes in equity.

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

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 that are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups 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 the level of aggregation purposes may contain contracts issued more than one year apart.

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation (continued)

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 modified 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 the 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. The 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.

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

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

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.

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

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 Company 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. 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. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

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.

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

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 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 fulfillment 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.

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 the 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.

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – subsequent measurement (continued)

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 as a portion of premium to profit or loss (through insurance revenue).

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);

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 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 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.

3 Significant accounting policies (continued)

Standards, interpretations, and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Presentation (continued)

The Company disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively.
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 timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances 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 establishes a loss component as the excess of the fulfilment 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.

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 does not disaggregates insurance finance income or expenses between profit or loss and OCI. The impact of all changes are reflected through profit or loss.

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the 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. The 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 statement of profit or loss and other comprehensive income.

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Judgements and estimates

The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied 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 Company is eligible and chooses to recognise the payments as an expense immediately (coverage period of a year or less) for all acquisition cashflows except for commission expense which is capitalised.
The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is 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 fulfilment cash flows.

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Judgements and estimates (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 AAA 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	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Insurance issued								
AED	**5%**	5%	**5%**	5%	**5%**	5%	**5%**	5%
Reinsurance contracts held								
AED	**5%**	5%	**5%**	5%	**5%**	5%	**5%**	5%

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Judgements and estimates (continued)

Risk adjustment for non-financial risk

The Company use Mack method or bootstrapping to determine its risk adjustment for non-financial risk. The bootstrap effectively allows the Company to measure the uncertainty about the amount and timing of the cash flows that arise from non-financial risk since bootstrapping the triangles aims to illustrate the variability of the paid claims.

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 at the 70th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 70th 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.

4 Statutory deposit

In accordance with the requirements of Federal Law No. (6) of 2007, concerning the formation of Insurance Authority of UAE, the Company maintains the below deposit which cannot be utilized without the consent of the UAE Insurance Authority.

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Statutory deposit	**10,000,000**	10,000,000
Less: Allowance for expected credit losses	**(20,000)**	(20,000)
	9,980,000	9,980,000

5 Investments carried at fair value through other comprehensive income

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Quoted UAE equity securities	**247,713,784**	240,956,595

The movement in the investments at fair value through other comprehensive income is as follows:

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Fair value at beginning of period / year	**240,956,595**	245,695,433
Additions	**-**	-
Disposals	**(3,775,361)**	-
Change in fair value	**10,532,550**	(4,738,838)
Fair value at end of the period / year	**247,713,784**	240,956,595

6 Investments carried at fair value through profit or loss

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Managed funds (i)	**69,044,467**	65,384,332
Quoted UAE equity securities	**34,952,636**	40,399,926
Quoted debt securities (ii)	**3,071,925**	4,183,636
Unquoted equity security	**7,045,850**	6,564,427
	114,114,878	116,532,321

6 Investments carried at fair value through profit or loss (continued)

(i) It represents investment in equity and credit funds.
(ii) Quoted debts securities carry interest at a rate ranging from 6.40% to 7.00% (2022: from 4.23% to 7.00%)

The movement in investments at fair value through profit or loss is as follows:

	30 September 2023	31 December 2022
	(Unaudited)	(Unaudited)
	AED	AED
Fair value at beginning of period / year	**116,532,321**	103,340,654
Additions	**1,542,813**	47,342,124
Disposals	**(16,364,489)**	(33,970,729)
Change in fair value	**12,404,233**	(179,728)
Fair value at end of the period / year	**114,114,878**	116,532,321

7 Prepayments and other receivables

	30 September 2023	31 December 2022
	(Unaudited)	(Unaudited)
	AED	AED
Prepayments	**1,700,470**	1,117,184
Interest receivables	**2,204,342**	2,414,170
Other receivables	**2,513,708**	2,240,418
Reinsurance default risk	**-**	(1,034,928)
Prepayments and other receivables	**6,418,520**	4,736,844

Notes to the condensed interim financial information (continued)
For the nine-month period ended 30 September 2023

8 Insurance and reinsurance contracts

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

	2023			2022		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	AED	**AED**	**AED**	AED	AED	AED
Insurance contracts issued						
Life and Medical	**16,268,488**	**(47,679,911)**	**(31,411,423)**	4,168,814	(31,695,950)	(27,527,136)
General and Motor	**54,391,979**	**(469,903,616)**	**(415,511,637)**	26,280,692	(468,997,161)	(442,716,469)
Total insurance contracts issued	**70,660,467**	**(517,583,527)**	**(446,923,060)**	30,449,506	(500,693,111)	(470,243,605)
Reinsurance contracts held						
Life and Medical	**18,840,370**	**(4,450)**	**18,835,920**	28,859,230	-	28,859,230
General and Motor	**300,130,058**	**(42,477,542)**	**257,652,516**	290,511,270	(22,516,538)	267,994,732
Total reinsurance contracts held	**318,970,428**	**(42,481,992)**	**276,488,436**	319,370,500	(22,516,538)	296,853,962

Notes to the condensed interim financial information (continued)
For the nine-month period ended 30 September 2023

8 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

The roll-forward of the 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 below:

	Liabilities for remaining coverage		Liabilities for incurred claims		
2023	Excluding loss component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	Total Unaudited AED
Insurance contract liabilities as at 1 January	29,996,781	39,824,856	368,466,310	31,955,658	470,243,605
Insurance revenue	238,652,564	-	-	-	238,652,564
Insurance service expenses	(32,300,354)	(3,250,330)	(146,296,643)	14,215,373	(167,631,954)
Incurred claims and other expenses	(32,300,355)	-	(164,487,207)	-	(196,787,562)
Losses on onerous contracts and reversals	-	(3,250,330)	-	-	(3,250,330)
Changes to liabilities for incurred claims	-	-	18,190,564	14,215,373	32,405,937
Insurance service result	206,352,210	(3,250,330)	(146,296,643)	14,215,373	71,020,610
Insurance finance expense	-	-	(18,717,524)	(756,446)	(19,473,970)
Total changes in the statement of comprehensive income	206,352,210	(3,250,330)	(127,579,119)	14,971,819	90,494,580
Cash flows					
Premiums received	242,543,282	-	-	-	242,543,282
Claims and other expenses paid	-	-	(133,737,273)	-	(133,737,273)
Directly attributable expenses paid	-	-	(25,480,449)	-	(25,480,449)
Insurance acquisition cash flows	(16,151,525)	-	-	-	(16,151,525)
Total cash flows	226,391,757	-	(159,217,722)	-	67,174,035
Net insurance contract liabilities as at 30 September	50,036,328	43,075,186	336,827,707	16,983,839	446,923,060

8 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)

Contracts measured under the PAA (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		
2022 (restated)	Excluding loss component	Loss component	Estimates of the present value of future	Risk adjustment	Total
	AED	AED	AED	AED	AED
Insurance contract liabilities as at 1 January	42,806,719	17,015,504	340,897,734	18,320,182	419,040,139
Insurance revenue	319,562,296	-	-	-	319,562,296
Insurance service expenses	(50,697,766)	(22,809,352)	(202,477,010)	(14,471,093)	(290,455,221)
Incurred claims and other expenses	(50,697,766)	-	(193,698,934)		(244,396,700)
Losses on onerous contracts and reversals	-	(22,809,352)			(22,809,352)
Changes to liabilities for incurred claims			(8,778,076)	(14,471,093)	(23,249,169)
Insurance service result	268,864,530	(22,809,352)	(202,477,010)	(14,471,093)	29,107,075
Insurance finance expense	-	-	(1,567,787)	(835,617)	(2,403,404)
Total changes in the statement of comprehensive income	268,864,530	(22,809,352)	(200,909,223)	(13,635,476)	31,510,479
Cash flows					
Premiums received	302,370,154	-	-	-	302,370,154
Claims and other expenses paid	-	-	(173,340,647)	-	(173,340,647)
Insurance acquisition cash flows	(46,315,562)	-	-	-	(46,315,562)
Total cash flows	256,054,592	-	(173,340,647)	-	82,713,945
Net insurance contract liabilities as at 31 December	29,996,781	39,824,856	368,466,310	31,955,658	470,243,605

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

2023	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	Total Unaudited AED
Reinsurance contract assets as at 1 January	14,553,408	28,991,300	247,900,478	27,925,314	319,370,500
Reinsurance contract liabilities as at 1 January	(20,824,855)	-	(1,630,023)	(61,660)	(22,516,538)
Net reinsurance contract assets/(liabilities)	(6,271,447)	28,991,300	246,270,455	27,863,654	296,853,962
An allocation of reinsurance premiums	(183,080,691)	-	-	-	(183,080,691)
Amounts recoverable from reinsurers for incurred claims	34,882,195	2,386,048	93,559,532	(15,477,741)	115,350,034
Amounts recoverable for incurred claims and other expenses	-	-	105,166,267	-	105,166,267
Loss-recovery on onerous underlying contracts and adjustments	566,759	2,386,048	(11,606,735)	(15,477,741)	(24,131,669)
Acquisition cashflows amortization	34,315,436	-	-	-	34,315,436
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Net income or expense from reinsurance contracts held	(148,198,496)	2,386,048	93,559,532	(15,477,741)	(67,730,657)
Reinsurance finance income	-	-	17,308,548	370,267	17,678,815
Total changes in the statement of comprehensive income	(148,198,496)	2,386,048	76,250,984	(15,848,008)	(85,409,472)
Cash flows					
Premiums paid	222,416,815	-	-	-	222,416,815
Amount received	(52,206,602)	-	(105,166,267)	-	(157,372,869)
Total cash flows	170,210,213	-	(105,166,267)	-	65,043,946
Net reinsurance contract assets/(liabilities) as at 30 September	(15,740,270)	(31,377,348)	(217,355,172)	(12,015,646)	(276,488,436)
Reinsurance contract assets as at 30 September	56,509,945	31,377,348	218,937,628	12,145,507	318,970,428
Reinsurance contract liabilities as at 30 September	(40,769,675)	-	(1,582,456)	(129,861)	(42,481,992)
Net reinsurance contract assets/(liabilities) as at 30 September	15,740,270	31,377,348	217,355,172	12,015,646	276,488,436

Notes to the condensed interim financial information (continued)
For the nine-month period ended 30 September 2023

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

2022	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	Total Unaudited AED
Reinsurance contract assets as at 1 January	19,084,121	11,993,136	240,834,827	15,777,774	287,689,858
Reinsurance contract liabilities as at 1 January	(26,481,030)		-	-	(26,481,030)
Net reinsurance contract assets/(liabilities)	(7,396,909)	11,993,136	240,834,827	15,777,774	261,208,828
An allocation of reinsurance premiums	(238,026,470)	-	-	-	(238,026,470)
Amounts recoverable from reinsurers for incurred claims	54,068,304	16,998,165	159,408,680	12,785,690	243,260,839
Amounts recoverable for incurred claims and other expenses	54,068,304	-	153,273,591	-	207,341,895
Loss-recovery on onerous underlying contracts and adjustments	-	16,998,165	6,135,089	12,785,690	35,918,944
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Net income or expense from reinsurance contracts held	(183,958,166)	16,998,165	159,408,680	12,785,690	5,234,369
Reinsurance finance income	30,208	-	699,461	699,810	1,429,479
Total changes in the statement of comprehensive income	(183,988,374)	16,998,165	158,709,219	12,085,880	3,804,890
Cash flows					
Premiums paid	243,024,142	-	-	-	243,024,142
Amount received	(57,910,307)	-	(153,273,591)	-	(211,183,898)
Total cash flows	185,113,835	-	(153,273,591)	-	31,840,244
Net reinsurance contract assets/(liabilities) as at 31 December	6,271,448	(28,991,301)	(246,270,455)	(27,863,654)	(296,853,962)
Reinsurance contract assets as at 31 December	14,553,408	28,991,301	247,900,478	27,925,313	319,370,500
Reinsurance contract liabilities as at 31 December	(20,824,856)	-	(1,630,023)	(61,659)	(22,516,538)
Net reinsurance contract assets/(liabilities) as at 31 December	(6,271,448)	28,991,301	246,270,455	27,863,654	296,853,962

9 Cash and cash equivalents

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Cash on hand	**24,129**	286,850
Current accounts	**39,702,782**	24,256,805
Term deposits*	**166,409,643**	176,988,081
Bank balances and cash	**206,136,554**	201,531,736
Less: Term deposits with an original maturity of more than three months	**(166,409,643)**	(176,988,081)
Cash and cash equivalents	**39,726,911**	24,543,655

*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 30 September 2023 (31 December 2022: AED 392,227).

The interest rate on term deposits with banks ranges between 0.50% and 5.70% (31 December 2022: 2.0% and 4.85%) per annum. All bank balances are held in local banks in the United Arab Emirates

10 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and the companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Due from related party policy holders	**1,098,057**	**341,138**

Transactions with related parties during the period are as follows:

	30 September 2023 (Unaudited) AED	30 September 2022 (Unaudited) AED
Premiums	**1,519,966**	1,598,854
Claims paid	**661,925**	1,271,156

10 Related party transactions and balances (continued)

Remuneration of key management personnel

	30 September 2023 (Unaudited) AED	30 September 2022 (Unaudited) AED
Remuneration of management personnel	**1,762,290**	1,762,290
Post-employment benefits	**85,944**	85,944
	1,848,234	1,848,234

11 Other payables

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Dividend payable	**789,107**	5,281,154
Insurance Authority fees reserve	**1,024,364**	1,204,584
Deferred income	**1,265,269**	1,229,423
Provision for directors renumeration	**-**	3,375,000
Other payables	**8,420,633**	12,806,311
	11,499,373	23,896,472

12 Dividends

On 21 March 2023, the shareholders at the Annual General Assembly approved cash dividends of 0.30 fils per share amounting to AED 30,000,000 (2022: 0.35 fils per share amounting to AED 35,000,000).

13 Basic and diluted earnings per share

Basic earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period.

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, adjusted for the effects of dilutive instruments.

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023	2022 Restated	**2023**	2022 Restated
	(Unaudited) AED	(Unaudited) AED	**(Unaudited) AED**	(Unaudited) AED
Profit for the period (AED)	**5,714,011**	6,163,778	**45,363,049**	16,627,065
Weighted average number of ordinary shares outstanding during the period	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Basic and diluted earnings per share (AED)	**0.06**	0.06	**0.45**	0.16

14 Income from investments, net

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023	2022	**2023**	2022
	(Unaudited) AED	(Unaudited) AED	**(Unaudited) AED**	(Unaudited) AED
Dividend income	**1,270,958**	593,030	**9,902,747**	9,885,139
Interest income	**2,389,357**	1,682,983	**6,069,863**	4,228,341
Change in fair value of investments at fair value through profit or loss	**2,869,088**	427,854	**12,404,233**	(4,414,102)
Gain on sale of investments at fair value through profit or loss	**86,639**	81,519	**3,165,000**	343,432
Other investment loss	**(639)**	(108,083)	**(99,743)**	(123,379)
Income from investments	**6,615,403**	2,677,303	**31,442,100**	9,919,431
Income from investment properties	**444,519**	664,127	**1,531,725**	1,654,878
Income from investments, net	**7,059,922**	3,341,430	**32,973,825**	11,574,309

Notes to the condensed interim financial information (continued)
For the nine-month period ended 30 September 2023

15 Segment reporting

15.1 Segment revenue and results

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic 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 investment properties and other securities.

Information regarding the Company's reportable segments is presented below:

	Nine-month period ended 30 September (Unaudited)					
	2023			2022 (Restated)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Segment revenue	**238,652,564**	**33,591,805**	**272,244,369**	238,698,965	12,152,564	250,851,529
Segment results	**15,682,616**	**32,973,825**	**48,656,441**	5,166,939	11,574,309	16,741,248
Unallocated expense	**-**	**-**	**(3,293,392)**	-	-	(114,183)
Profit for the period			**45,363,049**			16,627,065

Notes to the condensed interim financial information (continued)
For the nine-month period ended 30 September 2023

15 Segment reporting (continued)

15.1 Segment revenue and results

	Three-month period ended 30 September (Unaudited)					
	2023			2022 (Restated)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment revenue	77,086,495	7,311,122	84,397,617	86,477,740	3,553,945	90,031,685
Segment results	1,751,886	7,059,922	8,811,808	2,859,829	3,341,430	6,201,259
Unallocated expense	-	-	(3,097,797)	-	-	(37,481)
Profit for the period			5,714,011			6,163,778

Notes to the condensed interim financial information (continued)
For the nine-month period ended 30 September 2023

15.2 Segment assets and liabilities

	As at 30 September 2023 (Unaudited)			As at 31 December 2022 (Unaudited) (Restated)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Segment assets	**406,630,422**	**608,230,530**	**1,014,860,952**	365,319,519	614,469,222	979,788,741
Unallocated assets	**-**	**-**	**39,726,911**	-	-	24,543,655
Total assets	**406,630,422**	**608,230,530**	**1,054,587,863**	365,319,519	614,469,222	1,004,332,396
Segment liabilities	**577,022,029**	**7,227,792**	**584,249,821**	547,854,247	7,803,413	555,657,660
Unallocated liabilities	**-**	**-**	**789,106**	-	-	5,281,154
Total liabilities	**577,022,029**	**7,227,792**	**585,038,927**	547,854,247	7,803,413	560,938,814
Capital expenditure	**-**	**-**	**1,667,937**	-	-	1,313,791

16 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of statutory deposit, investments carried at fair value through other comprehensive income, investments carried at fair value through profit and loss, insurance receivables, deposits, bank balances and cash, and certain other assets. Financial liabilities consist of insurance payables, lease liabilities and certain other liabilities.

The fair values of the financial assets and liabilities are not materially different from their carrying values.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 30 September 2023 and 31 December 2022:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
30 September 2023 (Unaudited)				
Investments at fair value through other comprehensive income	**247,713,784**	**-**	**-**	**247,713,784**
Investments at fair value through profit and loss	**38,024,561**	**69,044,467**	**7,045,850**	**114,114,878**
	285,738,345	**69,044,467**	**7,045,850**	**361,828,662**
31 December 2022 (Unaudited)				
Investments at fair value through other comprehensive income	240,956,595	-	-	240,956,595
Investments at fair value through profit and loss	44,583,562	65,384,332	6,564,427	116,532,321
	285,540,157	65,384,332	6,564,427	357,488,916

Valuation technique:
Level 1: Quoted bid prices in an active market
Level 2: Valuation based on selected observable market inputs
Level 3: Net assets value based on audited financials

17 Leasing

Lease liabilities are presented in the condensed interim information of financial position as follows:

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Current	**796,863**	1,188,053
Non-current	**5,112,614**	5,350,892
	5,909,477	6,538,945

17 Leasing (continued)

Carrying amount of right-of-use assets as presented in the condensed interim information of financial position is as follows:

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Right-of-use assets	**5,994,080**	6,698,531

18 Contingent liability

	30 September 2023 (Unaudited) AED	31 December 2022 (Unaudited) AED
Bank guarantees	**11,914,421**	11,914,421

19 Capital risk management

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the period. The Company is subject to solvency regulations which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins.

	(Unaudited) 30 September 2023 AED	(Unaudited) 31 December 2022 AED
Minimum Capital Requirement (MCR)	**100,000,000**	100,000,000
Solvency Capital Requirement (SCR)	**153,409,216**	135,894,308
Minimum Guarantee Fund (MGF)	**51,136,405**	45,298,103
Basic Own Funds	**231,531,017**	254,937,880
MCR Solvency Margin - Minimum Capital Requirement (Surplus)	**131,531,017**	154,937,880
MCR Solvency Margin - Solvency Capital Requirement (Surplus)	**78,121,801**	119,043,572
MGF Solvency Margin – Minimum Guarantee Fund (Surplus)	**180,394,612**	209,639,777

20 Post reporting date events

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

21 General

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

22 Approval of condensed interim financial information

The condensed interim financial information was approved and authorized for issue by the Board of Directors on 9 November 2023.