# UNITED FIDELITY INSURANCE COMPANY (P.S.C.)

Condensed interim financial information (Unaudited)
For the three-month period ended 31 March 2024

فيدلتي المتحدة
Fidelity United
INSURANCE

## The Board of Directors' Report - Quarter ended 31st March 2024

The Board of Directors is pleased to report Fidelity United's first quarter results for 2024. After a tough last year Fidelity United is back on its path to generate profitable results with a AED 3.0m net profit after tax for the period under review. This great change has only been made possible due to the commitment from the whole Fidelity United team which has helped in generating better underwriting results and strong investment income in 2024.

Another key trend to highlight is the 28% growth in topline. This strong growth is consistent with our commitment to grow as we continue to expand our market share towards attaining a more prominent position in the UAE Insurance Market. The total insurance revenue for Q1 2024 amounted to AED 161m as compared to AED 126m in 2023. The increase is mainly driven by the consumer business followed by medical business, whereas the commercial remain slightly below the last year number.

| Insurance Revenue (AED in Thousands) | March 31st | | Increase/(decrease) | |
|---|---|---|---|---|
| | 2024 | 2023 | Amount | % |
| Consumer | 49,429 | 22,890 | 26,539 | 116% |
| Medical and Life | 74,343 | 64,236 | 10,107 | 16% |
| Commercial | 36,873 | 38,415 | (1,542) | (4)% |
| **Total** | **160,645** | **125,541** | **35,104** | **28%** |

During the quarter though there was an increase in flue related claims pertaining to the medical business and adverse impacts on account of rains/ flooding, Fidelity United was able to manage these challenges effectively and restrict the exposure due to our robust and effective reinsurance strategies. Investment income remained strong linked with the higher dividend income. As a result of the above factors Fidelity United was able to generate a net profit after tax of AED 3.0m compared to a net loss of AED 6m in same period last year. It is also worth pointing out that after considering the impact of FVTOCI Investments included in the Statement of Comprehensive Income the net comprehensive income stands at AED 7.5m as compared to a comprehensive loss of AED 7.7m in Q1 2023.

### Future Outlook

Considering Fidelity United's strong Q1 topline growth of 28% coupled with UAE's continued strong economic performance in 2024, we are confident that our performance will continue to get better. At Fidelity United we continue to focus closely at the net bottom-line to ensure profitability. We firmly believe that Fidelity United is well placed to benefit from market opportunities and well placed to play a more significant role in the UAE Insurance market.

Fidelity United will continue its efforts to enhance customer services and connectivity with business partners while innovatively working to cater to our customer requirements for an ever-changing business world.

The Board of Directors would like to thank all our customers and business partners for their continued trust in Fidelity United, strengthening our image as the reliable insurance partner. The Board of Directors would also like to thank our employees for their unwavering dedication and hard work.

**Chairman of the Board**

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**Review Report of the Independent Auditor**
**To the Shareholders of United Fidelity Insurance Company (P.S.C.)**

***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of United Fidelity Insurance Company (P.S.C). (the "Company") as at 31 March 2024 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this 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 condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Emphasis of Matter***

Without qualifying our conclusion, we draw attention to note 19 to the condensed interim financial information which states that, the Company had a SCR Solvency Margin Deficit of AED 5.1 million as compared to the SCR capital requirements of AED 108.6 million and that the Company's ability to comply with the solvency requirement depends on the effective implementation of the business plan submitted to the Central Bank of UAE.

***Conclusion***

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

GRANT THORNTON

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

**GRANT THORNTON UAE**

**Dr. Osama El-Bakry**
**Registration No. 935**
**Dubai, United Arab Emirates**

**14 May 2024**

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United Fidelity Insurance Company (P.S.C.)
Condensed interim financial information (Unaudited)

## Condensed interim statement of financial position
## As at 31 March 2024

| | Note | (Unaudited) 31 March 2024 AED | (Audited) 31 December 2023 AED |
|---|---|---|---|
| **ASSETS** | | | |
| Property and equipment | | **11,119,830** | 11,766,413 |
| Investment properties | 4 | **46,639,999** | 46,639,999 |
| Investments at fair value through profit and loss (FVTPL) | 5 | **154,715,130** | 155,987,108 |
| Investments at fair value through other comprehensive income (FVTOCI) | 5 | **125,572,577** | 113,580,481 |
| Reinsurance contract assets | 6 | **226,156,132** | 212,801,173 |
| Prepayments and others | | **15,302,968** | 4,539,292 |
| Statutory deposits | 7 | **10,000,000** | 10,000,000 |
| Other receivables | | **3,247,512** | 2,126,240 |
| Bank balances and cash | 8 | **64,130,791** | 76,228,358 |
| **TOTAL ASSETS** | | **656,884,939** | 633,669,064 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital | 9 | **160,000,000** | 160,000,000 |
| Statutory reserve | 10 | **1,375,495** | 1,375,495 |
| General reserve | | **447,524** | 447,524 |
| Reinsurance reserve | | **4,802,026** | 4,802,026 |
| Cumulative change in fair value of FVTOCI investments | | **1,980,596** | 3,988,910 |
| Accumulated losses | | **(26,830,010)** | (36,303,139) |
| **TOTAL EQUITY** | | **141,775,631** | 134,310,816 |
| **LIABILITIES** | | | |
| Employees' end of service benefits | | **4,752,561** | 4,484,362 |
| Insurance contract liabilities | 6 | **479,984,272** | 465,498,527 |
| Reinsurance contract liabilities | 6 | **2,837,507** | 5,442,405 |
| Lease liabilities | | **7,163,978** | 7,187,505 |
| Other payables | | **20,288,771** | 16,745,449 |
| Deferred tax liabilities | 14 | **82,219** | - |
| **TOTAL LIABILITIES** | | **515,109,308** | 499,358,248 |
| **TOTAL EQUITY AND LIABILITIES** | | **656,884,939** | 633,669,064 |

This condensed interim financial information was authorised for issue on 14 May 2024 by the Board of Directors and signed on its behalf by:

**Chairman** **Chief Executive Officer**

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

## United Fidelity Insurance Company (P.S.C).
## Condensed interim financial information (Unaudited)

### Condensed interim income statement
### For the period ended 31 March 2024

| | Notes | Three-month period ended 31 March (Unaudited) 2024 AED | *Restated* 2023 AED |
|---|---|---|---|
| Insurance revenue | | **160,645,421** | 125,541,791 |
| Insurance service expenses | 12 | **(164,528,665)** | (139,911,386) |
| **Insurance service result before reinsurance contracts held** | | **(3,883,244)** | (14,369,595) |
| Allocation of reinsurance premiums | | **(82,003,174)** | (68,578,287) |
| Amounts recoverable from reinsurance for incurred claims | | **81,978,804** | 70,932,756 |
| **Net recovery from reinsurance contracts held** | | **(24,370)** | 2,354,469 |
| **Insurance service result** | | **(3,907,614)** | (12,015,126) |
| Net investment income | 13 | **8,000,314** | 7,547,540 |
| Finance expenses from insurance contracts issued | 13 | **(2,854,162)** | (3,707,225) |
| Finance income from reinsurance contracts held | 13 | **1,950,593** | 2,478,577 |
| **Net insurance financial result** | | **(903,569)** | (1,228,648) |
| **Net insurance and investment results** | | **7,096,745** | 6,318,892 |
| Other operating expenses | | **(548,472)** | (262,747) |
| **Profit / (loss) for the period before tax** | | **2,640,659** | (5,958,981) |
| Deferred tax benefit | 14 | **359,355** | - |
| **Profit / (loss) for the period after tax** | | **3,000,014** | (5,958,981) |
| **Basic and diluted profit/ (loss) per share** | 11 | **0.019** | (0.037) |

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

## United Fidelity Insurance Company (P.S.C).
## Condensed interim financial information (Unaudited)

### Condensed interim statement of comprehensive income
### For the period ended 31 March 2024

| | Three-month period ended 31 March (Unaudited) | |
|---|---|---|
| | | *Restated* |
| | **2024** | 2023 |
| | **AED** | AED |
| **Profit/ (loss) for the period after tax** | **3,000,014** | (5,958,981) |
| **Other comprehensive income:** | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | |
| Net change in fair value of equity investments designated at FVTOCI – net of tax | **6,631,960** | (3,945,668) |
| (Loss)/ gain on sale of equity instruments designated at FVTOCI – net of tax | **(2,167,159)** | 2,196,324 |
| **Total other comprehensive income /(loss) for the period** | **4,464,801** | (1,749,344) |
| **Total comprehensive income /(loss) for the period** | **7,464,815** | (7,708,325) |

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

## United Fidelity Insurance Company (P.S.C).
## Condensed interim financial information (Unaudited)

### Condensed interim statement of changes in equity
### For the period ended 31 March 2024

| | Share capital AED | Statutory reserve AED | General reserve AED | Reinsurance reserve AED | Cumulative change in fair value of FVTOCI investments AED | Accumulated losses AED | Total equity AED |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2023 (Audited) | 160,000,000 | 1,375,495 | 447,524 | 2,989,376 | (6,621,482) | (21,982,865) | 136,208,048 |
| Loss for the period (Restated) | - | - | - | - | - | (5,958,981) | (5,958,981) |
| Other comprehensive loss for the period | - | - | - | - | (3,945,668) | 2,196,324 | (1,749,344) |
| Total comprehensive loss for the period | - | - | - | - | (3,945,668) | (3,762,657) | (7,708,325) |
| Transfer to accumulated losses on sale of equity instruments designated at FVTOCI | - | - | - | - | (682,257) | 682,257 | - |
| Restated balance at 31 March 2023 (Unaudited) | 160,000,000 | 1,375,495 | 447,524 | 2,989,376 | (11,249,407) | (25,063,265) | 128,499,723 |
| **Balance at 1 January 2024 (Audited)** | **160,000,000** | **1,375,495** | **447,524** | **4,802,026** | **3,988,910** | **(36,303,139)** | **134,310,816** |
| Profit for the period | - | - | - | - | - | 3,000,014 | 3,000,014 |
| Other comprehensive income for the period | - | - | - | - | 6,631,960 | (2,167,159) | 4,464,801 |
| Total comprehensive income for the period | - | - | - | - | 6,631,960 | 832,855 | 7,464,815 |
| Transfer to accumulated losses on sale of equity instruments designated at FVTOCI | - | - | - | - | (8,640,274) | 8,640,274 | - |
| **Balance at 31 March 2024 (Unaudited)** | **160,000,000** | **1,375,495** | **447,524** | **4,802,026** | **1,980,596** | **(26,830,010)** | **141,775,631** |

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

## United Fidelity Insurance Company (P.S.C.)
## Condensed interim financial information (Unaudited)

### Condensed interim statement of cash flows
### For the period ended 31 March 2024

| | For the three-month period ended 31 March (Unaudited) | |
|---|---|---|
| | | *Restated* |
| | 2024 | 2023 |
| | **AED** | AED |
| **Cash flows from operating activities** | | |
| Profit/ (loss) for the period before tax | **2,640,659** | (5,958,981) |
| **Adjustments for:** | | |
| Depreciation of property and equipment | **749,896** | 1,307,696 |
| Change in fair value for investments at FVTPL | **587,416** | (618,132) |
| Investment income | **(8,665,257)** | (6,957,617) |
| Expected credit loss | **876,710** | 487,487 |
| Interest expense on lease liability | **302,330** | 139,060 |
| Provision for employees' end of service indemnity | **91,230** | 148,922 |
| Operating cash flows before changes in working capital | **(3,417,016)** | (11,451,565) |
| **Changes in working capital:** | | |
| Insurance, other receivables, and prepayments | **(14,231,669)** | (28,811,094) |
| Reinsurance contract assets (insurance contract assets) | **(11,884,948)** | (5,008,942) |
| Reinsurance contract liabilities (insurance contract liabilities) | **11,880,847** | 47,210,172 |
| Accounts payable, other payables and premium collected in advance | **3,543,322** | 2,804,684 |
| **Cash generated from operations** | **(14,109,464)** | 4,743,255 |
| Employees end of service indemnity paid | **(34,131)** | (289,720) |
| **Net cash (used in)/ generated from operating activities** | **(14,143,595)** | 4,453,535 |
| **Cash flows from investing activities** | | |
| (Purchase)/ disposal of property and equipment | **(103,313)** | 171,863 |
| Deposits (placed) / redeemed during the period, net | **(7,000,000)** | 10,000,000 |
| Proceeds from disposal of investments at FVTOCI | **26,545,994** | 22,869,559 |
| Purchase of investments at FVTOCI | **(33,631,713)** | (22,092,719) |
| Interest received | **1,835,194** | 1,073,816 |
| Proceeds from disposal of investments at FVTPL | **9,396,334** | 8,990,652 |
| Purchase of investments at FVTPL | **(9,643,016)** | (24,130,738) |
| Dividend received from investments at FVTOCI | **7,538,707** | 5,011,254 |
| Income received from investment properties | **222,600** | 460,987 |
| **Net cash (used in)/ generated from investing activities** | **(4,839,213)** | 2,354,674 |
| **Cash flows from financing activities** | | |
| Interest paid | **(91,232)** | (139,063) |
| Payment of lease liability | **(23,527)** | (1,693,711) |
| **Net cash used in financing activities** | **(114,759)** | (1,832,774) |
| **Net change in cash and cash equivalents** | **(19,097,567)** | 4,975,435 |
| Cash and cash equivalents at beginning of the period | **63,228,358** | 35,736,058 |
| **Cash and cash equivalents at end of the period** | **44,130,791** | 40,711,493 |

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

## Notes to the condensed interim financial information
## For the period ended 31 March 2024

### 1 Legal status and activities

United Fidelity Insurance Company (P.S.C). (the "Company) is a public shareholding company was registered in the Emirate of Ras Al Khaimah by Emiri decree No. 13/76 issued by the ruler of Ras Al Khaimah on 15 September 1976, which was amended by the Emiri decree No. 10/77 issued on 15 December 1977. The Company is subject to the regulations of the UAE Federal Law No. 32 of 2021 and the UAE Federal Law No. 48 of 2023 relating to commercial companies in the UAE and is registered in the Insurance Companies Register of Central Bank of the United Arab Emirates under registration number 8.

The Company was domiciled in the United Arab Emirates, during the previous year the Company changed its registered office to Abu Dhabi located at Office 407, Bloom Central Building, Airport road, Al Manhal, Al Tibbiya, Abu Dhabi, United Arab Emirates. The Company's ordinary shares are listed on Abu Dhabi Securities Exchange, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general and life insurance. The Company operates through its Head Office in Abu Dhabi and branch offices in Dubai, Ras Al Khaimah, Sharjah and Fujairah.

This condensed interim financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

### 2 Basis of preparation

This condensed interim financial information is for the three-month period ended 31 March 2024 and is presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. This condensed interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' and complies with the applicable requirements of the laws in the U.A.E.

This condensed interim financial information has been prepared on the historical cost basis, except for financial assets carried at fair value through other comprehensive income, financial assets carried at fair value through profit or loss and investment property which is measured at fair value and the provision for employees' end of service indemnity which is measured in accordance with U.A.E labour laws.

The Company's condensed interim statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: bank balances and cash, other receivables and prepayments and others. The following balances would generally be classified as non-current: property and equipment, investment properties, statutory deposit and employees' end of service benefits. The following balances are of mixed nature (including both current and non-current portions): investments at fair value through profit and loss and other comprehensive income, reinsurance contract assets, insurance/reinsurance contract liabilities, lease liabilities and fixed deposits.

This condensed interim financial information does not include all the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2023. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

## 3 Material 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 2023, except for application of new standards effective as of 1 January 2024 and several amendments and interpretations apply for the first time in 2024.

### Application of new and revised International Financial Reporting Standards ("IFRS")

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

| Standard number | Title | Effective date |
|---|---|---|
| IAS 1 | Amendment to IAS 1 – Non-current liabilities with covenants and classification of liabilities as current or non-current | 1 January 2024 |
| IAS 7 | Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements | 1 January 2024 |
| IFRS 16 | Amendment to IFRS 16 – Leases on sale and leaseback | 1 January 2024 |

These standards have been adopted by the Company and did not have a material impact on this financial information.

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

### Critical accounting estimates and judgments in applying accounting policies

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 2023.

### 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 2023. There have been no changes in any risk management policies since the year end.

## 4 Investment Properties

Investment properties comprises two commercial buildings in Dubai, UAE.

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as level 3 in the fair value hierarchy as at 31 March 2024 (31 December 2023: Level 3).

## 5 Financial investments

The table below analyses assets at fair value at the end of the reporting period.

| | (Unaudited) 31 March 2024 AED | (Audited) 31 December 2023 AED |
|---|---|---|
| Financial assets at fair value through profit and loss (FVTPL) | **154,715,130** | 155,987,108 |
| Financial assets at fair value through other comprehensive income (FVTOCI) | **125,572,577** | 113,580,481 |
| | **280,287,707** | 269,567,589 |

**Investments at fair value through other comprehensive income (FVTOCI)**

| | (Unaudited) 31 March 2024 AED | (Audited) 31 December 2023 AED |
|---|---|---|
| Inside UAE | **125,225,234** | 113,233,171 |
| Outside UAE | **347,343** | 347,310 |
| | **125,572,577** | 113,580,481 |

**Movements in financial investments**

The gross movements in equity investments at FVTOCI is as follows:

| | (Unaudited) 31 March 2024 AED | (Audited) 31 December 2023 AED |
|---|---|---|
| Opening balance | **113,580,481** | 122,132,728 |
| Purchased during the period/year | **33,631,715** | 66,038,520 |
| Sold during the period/year | **(28,927,570)** | (86,159,802) |
| Changes in fair value during the period/year | **7,287,951** | 11,569,035 |
| Closing balance | **125,572,577** | 113,580,481 |

The gross movements in investments at FVTPL is as follows:

| | (Unaudited) 31 March 2024 AED | (Audited) 31 December 2023 AED |
|---|---|---|
| Opening balance | **155,987,108** | 103,295,993 |
| Purchased during the period/year | **9,643,016** | 82,003,515 |
| Sold during the period/year | **(10,327,578)** | (28,784,371) |
| Changes in fair value during the period/year | **(587,416)** | (528,029) |
| Closing balance | **154,715,130** | 155,987,108 |

## 6 Insurance and reinsurance contracts

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

**Contracts measured under the PAA**

| | Liabilities for remaining coverage | | Liabilities for incurred claims | | |
|---|---|---|---|---|---|
| 2024 | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| | | | Unaudited (in AED) | | |
| Insurance contract liabilities as at 1 January | 126,274,391 | 20,876,146 | 304,650,502 | 13,697,488 | 465,498,527 |
| Insurance revenue | (160,645,421) | | | | (160,645,421) |
| Insurance service expenses | 31,448,541 | 24,274 | 131,897,623 | 1,158,227 | 164,528,665 |
| Incurred claims and other expenses | | | 123,949,704 | 4,379,883 | 128,329,587 |
| Amortisation of insurance acquisition cash flows | 31,448,541 | | | | 31,448,541 |
| Losses on onerous contracts and reversals | - | 24,274 | - | - | 24,274 |
| Changes to liabilities for incurred claims | | - | 7,947,919 | (3,221,656) | 4,726,263 |
| **Insurance service result** | (129,196,880) | 24,274 | 131,897,623 | 1,158,227 | 3,883,244 |
| Insurance finance expense | - | - | 2,854,162 | - | 2,854,162 |
| **Total changes in the statement of comprehensive income** | (129,196,880) | 24,274 | 134,751,785 | 1,158,227 | 6,737,406 |
| ***Cash flows*** | | | | | |
| Premiums received | 166,012,992 | - | - | - | 166,012,992 |
| Claims and other expenses paid | - | - | (122,760,067) | - | (122,760,067) |
| Insurance acquisition cash flows | (35,504,586) | - | - | - | (35,504,586) |
| **Total cash flows** | 130,508,406 | - | (122,760,067) | - | 7,748,339 |
| **Net insurance contract liabilities as at 31 March** | 127,585,917 | 20,900,420 | 316,642,220 | 14,855,715 | 479,984,272 |

## 6 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 | | |
|---|---|---|---|---|---|
| | Excluding loss component | Loss component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| | | | Audited (in AED) | | |
| 2023 | | | | | |
| Insurance contract liabilities as at 1 January | 48,545,673 | 11,492,744 | 264,488,072 | 16,003,261 | 340,529,750 |
| Insurance revenue | (566,162,066) | - | - | - | (566,162,066) |
| Insurance service expenses | 107,194,291 | 9,383,402 | 446,322,380 | (2,305,773) | 560,594,300 |
| Incurred claims and other expenses | - | - | 441,078,140 | 12,883,733 | 453,961,873 |
| Amortisation of insurance acquisition cash flows | 107,194,291 | - | - | - | 107,194,291 |
| Losses on onerous contracts and reversals | - | 9,383,402 | - | - | 9,383,402 |
| Changes to liabilities for incurred claims | - | - | 5,244,240 | (15,189,506) | (9,945,266) |
| Insurance service result | (458,967,775) | 9,383,402 | 446,322,380 | (2,305,773) | (5,567,766) |
| Insurance finance expense | - | - | 6,773,662 | - | 6,773,662 |
| Total changes in the statement of comprehensive income | (458,967,775) | 9,383,402 | 453,096,042 | (2,305,773) | 1,205,896 |
| *Cash flows* | | | | | |
| Premiums received | 654,946,688 | - | - | - | 654,946,688 |
| Claims and other expenses paid | - | - | (412,933,612) | - | (412,933,612) |
| Insurance acquisition cash flows | (118,250,195) | - | - | - | (118,250,195) |
| Total cash flows | 536,696,493 | - | (412,933,612) | - | 123,762,881 |
| Net insurance contract liabilities as at 31 December | 126,274,391 | 20,876,146 | 304,650,502 | 13,697,488 | 465,498,527 |

## 6 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

Contracts measured under the PAA
2024

| | Assets for remaining coverage | | Amounts recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss recovery component | Loss recovery component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| | | | Unaudited (in AED) | | |
| Reinsurance contract assets as at 1 January | 15,456,330 | 7,439,234 | 179,427,908 | 10,477,701 | 212,801,173 |
| Reinsurance contract liabilities as at 1 January | (7,576,498) | | 2,117,884 | 16,209 | (5,442,405) |
| **Net reinsurance contract assets** | 7,879,832 | 7,439,234 | 181,545,792 | 10,493,910 | 207,358,768 |
| An allocation of reinsurance premiums | (82,003,174) | - | - | - | (82,003,174) |
| Amounts recoverable from reinsurers for incurred claims | - | (1,790,800) | 82,862,166 | 907,438 | 81,978,804 |
| Amounts recoverable for incurred claims and other expenses | - | - | 78,757,632 | 3,277,643 | 82,035,275 |
| Loss-recovery on onerous underlying contracts and adjustments | - | (1,790,800) | - | - | (1,790,800) |
| Changes to amounts recoverable for incurred claims | - | - | 4,104,534 | (2,370,205) | 1,734,329 |
| **Net income or expense from reinsurance contracts held** | (82,003,174) | (1,790,800) | 82,862,166 | 907,438 | (24,370) |
| Reinsurance finance income | | - | 1,950,593 | - | 1,950,593 |
| Investment components and premium refunds | | | | | |
| Effect of changes in non-performance risk of reinsurers | | | | | |
| **Total changes in the statement of comprehensive income** | (82,003,174) | (1,790,800) | 84,812,759 | 907,438 | 1,926,223 |
| ***Cash flows*** | | | | | |
| Premiums paid | 82,395,683 | - | - | - | 82,395,683 |
| Amounts received | - | - | (68,362,049) | - | (68,362,049) |
| **Total cash flows** | 82,395,683 | - | (68,362,049) | - | 14,033,634 |
| **Net reinsurance contract assets/(liabilities) as at 31 March** | | | | | |
| Reinsurance contract assets as at 31 March | 12,906,412 | 5,648,434 | 196,237,297 | 11,363,989 | 226,156,132 |
| Reinsurance contract liabilities as at 31 March | (4,634,071) | - | 1,759,205 | 37,359 | (2,837,507) |
| **Net reinsurance contract assets as at 31 March** | 8,272,341 | 5,648,434 | 197,996,502 | 11,401,348 | 223,318,625 |

## 6 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)**

**Contracts measured under the PAA (continued)**
2023

| | Assets for remaining coverage | | Amounts recoverable on incurred claims | | |
|---|---|---|---|---|---|
| | Excluding loss recovery component | Loss recovery component | Estimates of the present value of future cash flows | Risk adjustment | Total |
| | | | Audited (in AED) | | |
| Reinsurance contract assets as at 1 January | (19,697,040) | 3,276,163 | 157,183,982 | 9,703,745 | 150,466,850 |
| Reinsurance contract liabilities as at 1 January | (8,600,444) | - | 1,032,589 | 67,253 | (7,500,602) |
| Net reinsurance contract (liabilities)/assets | (28,297,484) | 3,276,163 | 158,216,571 | 9,770,998 | 142,966,248 |
| Allocation of reinsurance premiums | (311,311,919) | | - | - | (311,311,919) |
| Amounts recoverable from reinsurers for incurred claims | - | 4,163,071 | 268,225,803 | 722,912 | 273,111,786 |
| Amounts recoverable for incurred claims and other expenses | - | - | 269,343,124 | 11,804,207 | 281,147,331 |
| Loss-recovery on onerous underlying contracts and adjustments | - | 4,163,071 | - | - | 4,163,071 |
| Changes to amounts recoverable for incurred claims | - | - | (1,117,321) | (11,081,295) | (12,198,616) |
| Net income or expense from reinsurance contracts held | (311,311,919) | 4,163,071 | 268,225,803 | 722,912 | (38,200,133) |
| Reinsurance finance income | - | - | 4,701,969 | - | 4,701,969 |
| Total changes in the statement of comprehensive income | (311,311,919) | 4,163,071 | 272,927,772 | 722,912 | (33,498,164) |
| *Cash flows* | | | | | - |
| Premiums paid | 347,489,235 | - | - | - | 347,489,235 |
| Amounts received | - | - | (249,598,551) | - | (249,598,551) |
| Total cash flows | 347,489,235 | - | (249,598,551) | - | 97,890,684 |
| Net reinsurance contract assets/(liabilities) as at 31 December | | | | | |
| Reinsurance contract assets as at 31 December | 15,456,330 | 7,439,234 | 179,427,908 | 10,477,701 | 212,801,173 |
| Reinsurance contract liabilities as at 31 December | (7,576,498) | - | 2,117,884 | 16,209 | (5,442,405) |
| Net reinsurance contract assets as at 31 December | 7,879,832 | 7,439,234 | 181,545,792 | 10,493,910 | 207,358,768 |

## 7 Statutory deposits

As at 31 March 2024, deposit of AED 10,000,000 (31 December 2023: AED 10,000,000) has been placed with one of the Company's bank in accordance with UAE Federal Law No. 48 of 2023 (previously Federal Law No.6 of 2007). This deposit has been pledged to the bank as security against a guarantee issued by the bank in favor of the Central Bank of the United Arab Emirates ("CBUAE") for the same amount. This deposit cannot be withdrawn without prior approval of the Central Bank of the United Arab Emirates and bears an interest rate of 4.90% per annum (2023: 4.90% per annum).

## 8 Bank balances and cash

| | **(Unaudited) 31 March 2024** | (Audited) 31 December 2023 |
|---|---|---|
| | **AED** | AED |
| Bank balances and cash with local banks in UAE | **64,130,791** | 76,228,358 |
| Less: Bank deposits with maturity over 3 months | **(20,000,000)** | (13,000,000) |
| | **44,130,791** | 63,228,358 |

## 9 Share capital

| | **(Unaudited) 31 March 2024** | (Audited) 31 December 2023 |
|---|---|---|
| | **AED** | AED |
| *Issued and fully paid:* | | |
| 160,000,000 ordinary shares of AED 1 each | 160,000,000 | 160,000,000 |

## 10 Statutory reserve

In accordance with the UAE Federal Decree Law No. 32 of 2021, the Company has established a statutory reserve by appropriation of 5% of the Company's net profit for each year which will be increased until the reserve equals 50% of the share capital. This reserve is not available for distribution, except as stipulated by the Law. No allocation to the statutory reserve has been made for the three-months-period ended 31 March 2024, as this will be affected at the year-end based on the Company's results for the year ending 31 December 2024.

## 11 Basic and diluted earnings/ (loss) per share

| | **Three-month period ended 31 March (Unaudited)** | |
|---|---|---|
| | | *Restated* |
| | **2024** | 2023 |
| | **AED** | AED |
| Profit/ (loss) for the period after tax | **3,000,014** | (5,958,981) |
| Weighted average number of shares | **160,000,000** | 160,000,000 |
| Profit / (loss) per share | **0.019** | (0.037) |

Basic and diluted earnings / (loss) per share are calculated by dividing the profit / (loss) for the period by the number of shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

## 12 Insurance service expense

| | Three-month period ended 31 March (Unaudited) | |
|---|---|---|
| | | *Restated* |
| | **2024** | 2023 |
| | **AED** | AED |
| Incurred claims and other expenses | **126,861,333** | 95,957,214 |
| Amortisation of insurance acquisition cash flows | **31,448,541** | 23,525,266 |
| Losses on onerous contracts and reversals of those losses | **24,274** | 10,554,723 |
| Changes to liabilities for incurred claims | **4,726,264** | 1,417,822 |
| Acquisition cash flows recognised when incurred | **1,468,253** | 8,456,361 |
| **Insurance Service Expense** | **164,528,665** | 139,911,386 |

## 13 Total investment income and net insurance financial result

| | Three-month period ended 31 March (Unaudited) | |
|---|---|---|
| | **2024** | 2023 |
| | **AED** | AED |
| Rental income from investment properties | **413,466** | 674,161 |
| Investment property expenses | **(190,866)** | (213,168) |
| **Income from investment property – net** | **222,600** | 460,993 |
| Interest on fixed deposits | **361,674** | 352,156 |
| (Loss)/ gain on disposal of investments at FVTPL | **(931,244)** | 415,351 |
| Dividend income - investments at FVTOCI | **6,741,699** | 4,168,723 |
| Dividend income - investments at FVTPL | **797,008** | 842,531 |
| Interest income from bonds | **1,473,520** | 721,660 |
| Other investment expenses | **(77,527)** | (32,006) |
| (Loss)/ profit in fair value of investments FVTPL | **(587,416)** | 618,132 |
| **Net investment Income** | **8,000,314** | 7,547,540 |

**Insurance and reinsurance finance income and expense**

| | Three-month period ended 31 March (Unaudited) | |
|---|---|---|
| | **2024** | 2023 |
| | **AED** | AED |
| Finance expenses from insurance contracts issued | **(2,854,162)** | (3,707,225) |
| Finance income from reinsurance contracts held | **1,950,593** | 2,478,577 |
| **Net insurance finance expenses** | **(903,569)** | (1,228,648) |

## 14 Income Tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax ("CT") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Company's accounting period ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

Current Provision of current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period. Income tax expense is recognised in interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year/period. Amounts accrued for income tax expense in interim period may have to be adjusted in a subsequent interim period of that financial year/period if the estimate of the annual income tax rate changes.

The tables below show the details of the provision for current and deferred income tax expense:

| | Three-month period ended 31 March (Unaudited) | |
|---|---|---|
| | **2024** | 2023 |
| | **AED** | AED |
| **Condensed interim income statement:** | | |
| Current tax | **-** | - |
| Deferred Tax | **359,355** | - |

| | Three-month period ended 31 March (Unaudited) | |
|---|---|---|
| | **2024** | 2023 |
| | **AED** | AED |
| **Condensed interim statement of comprehensive income:** | | |
| Current tax | **-** | - |
| Deferred Tax | **(441,574)** | - |

During the current period, adjusted taxable loss amounted to AED 3,992,837 and as a result the company has not provided for current taxes.

**Deferred taxation**

Deferred tax is accounted for in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the condensed interim income statement, except in the case of items credited or charged to condensed interim other comprehensive income or equity in which case it is included in condensed interim other comprehensive income or equity.

## 14 Income Tax (continued)

**Deferred taxation (continued)**

The tables below show the details of the deferred tax liabilities:

| | (Unaudited) 31 March 2024 AED | (Audited) 31 December 2023 AED |
|---|---|---|
| *Deferred tax arising in respect of:* | | |
| Net change in fair value of equity investments designated at FVTOCI and disposal of equity instruments through OCI | **(441,574)** | - |
| Recognized through income statement | **359,355** | - |

## 15 Related party balances and transactions

Related parties represent, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Company's management.

At the end of the reporting period, significant balances due from related parties are as follows:

| | (Unaudited) 31 March 2024 AED | (Audited) 31 December 2023 AED |
|---|---|---|
| *Affiliates of major shareholders:* | | |
| Due to related parties (insurance contract liabilities) | **(3,943,511)** | (5,207,946) |
| Liability for incurred claims | **(2,560,972)** | (5,142,571) |
| Other payables/receivables | **22,359** | 649,608 |

**Transactions**

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

| | Three-month period ended 31 March (Unaudited) 2024 AED | 2023 AED |
|---|---|---|
| *Affiliates of major shareholders:* | | |
| Insurance revenue | **4,159,863** | 7,913,293 |
| Insurance service expenses | **(5,644,431)** | (3,840,357) |
| Net expenses from reinsurance contract held | **(5,096,442)** | (4,412,579) |
| Employee benefits to key management personnel | **1,163,972** | 1,091,932 |

## 16 Segment information

For management purposes, the Company is organized into three business segments commercial, consumer and employee benefits (Medical and Group Life). The commercial insurance segment comprises engineering, marine, property, liability and casualty and consumer segment comprises of motor, pet, travel and others. These segments are the basis on which the Company reports its primary segment information. Segment-wise information is disclosed on next page.

## 16 Segment information (continued)

| 2024 | For the three-months period ended 31 March 2024 (Unaudited) | | | |
|---|---|---|---|---|
| | Commercial AED | Consumer AED | Employee benefits AED | Total AED |
| Insurance revenue | 36,873,773 | 49,429,027 | 74,342,621 | 160,645,421 |
| Insurance service expenses | (35,911,739) | (59,582,387) | (69,034,539) | (164,528,665) |
| **Insurance service result before reinsurance contracts held** | 962,034 | (10,153,360) | 5,308,082 | (3,883,244) |
| Amounts recoverable from reinsurance | 22,724,479 | 18,719,789 | 40,534,536 | 81,978,804 |
| Allocation of reinsurance premiums | (24,603,605) | (10,566,847) | (46,832,722) | (82,003,174) |
| **Net expenses from reinsurance contracts held** | (1,879,126) | 8,152,942 | (6,298,186) | (24,370) |
| **Insurance service result** | (917,092) | (2,000,418) | (990,104) | (3,907,614) |

| 2023 | For the three-months period ended 31 March 2023 (Unaudited) | | | |
|---|---|---|---|---|
| | Commercial AED | Consumer AED | Employee benefits AED | Total AED |
| Insurance revenue | 38,415,438 | 22,890,270 | 64,236,083 | 125,541,791 |
| Insurance service expenses | (28,835,848) | (31,408,066) | (79,667,472) | (139,911,386) |
| Insurance service result before reinsurance contracts held | 9,579,590 | (8,517,796) | (15,431,389) | (14,369,595) |
| Amounts recoverable from reinsurance | 19,460,084 | 2,991,139 | 48,481,533 | 70,932,756 |
| Allocation of reinsurance premiums | (23,619,761) | (4,771,895) | (40,186,631) | (68,578,287) |
| Net expenses from reinsurance contracts held | (4,159,677) | (1,780,756) | 8,294,902 | 2,354,469 |
| Insurance service result | 5,419,913 | (10,298,552) | (7,136,487) | (12,015,126) |

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

| | As at 31 March 2024 (Unaudited) | | | |
|---|---|---|---|---|
| | Commercial AED | Consumer AED | Employee benefits AED | Total AED |
| Insurance contract liabilities | (165,875,980) | (204,363,482) | (109,744,810) | (479,984,272) |
| Reinsurance contract assets | 140,949,113 | 58,594,378 | 26,612,641 | 226,156,132 |
| Reinsurance contract liabilities | (53,602) | - | (2,783,905) | (2,837,507) |

## 16 Segment information (continued)

| | As at 31 December 2023 (Audited) | | | |
|---|---|---|---|---|
| | Commercial AED | Consumer AED | Employee benefits AED | Total AED |
| Insurance contract liabilities | (162,328,214) | (173,513,014) | (129,657,299) | (465,498,527) |
| Reinsurance contract assets | 134,619,311 | 43,258,138 | 34,923,724 | 212,801,173 |
| Reinsurance contract liabilities | - | (1,776,586) | (3,665,819) | (5,442,405) |

## 17 Contingent liabilities

| | **(Unaudited) 31 March 2024 AED** | (Audited) 31 December 2023 AED |
|---|---|---|
| Letters of guarantee | **11,114,948** | 11,074,948 |

Letters of guarantee includes AED 10 million (31 December 2023: AED 10 million) issued in favour of the CBUAE. The Company in common with the significant majority of insures, is subject to litigation in normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

## 18 Financial instruments

The fair values of financial assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2023. Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table gives information about how the fair values of these financial assets are determined:

| **Financial assets** | **Fair value as at** | | **Fair value hierarchy** | **Valuation techniques and key inputs** |
|---|---|---|---|---|
| | **31 March 2024 (Unaudited) AED** | 31 December 2023 (Audited) AED | | |
| *Investments at FVTOCI* | | | | |
| Quoted equity securities – FVTOCI | **125,572,577** | 113,580,481 | Level 1 | Quoted bid prices in an active market. |
| Unquoted Investments | **154,715,130** | 155,987,108 | Level 3 | Net assets valuation method |

## 19 Capital risk management

The Company is subject to solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table on next page) must be maintained at all times throughout the period.

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.

| | **(Audited) 31 December 2023** AED | (Audited) 31 December 2022 AED |
|---|---|---|
| Minimum Capital Requirement (MCR) | **100,000,000** | 100,000,000 |
| Solvency Capital Requirement (SCR) | **108,647,062** | 98,605,962 |
| Minimum Guarantee Fund (MGF) | **60,561,719** | 45,614,516 |
| Basic Own Funds | **103,509,027** | 87,895,558 |
| MCR Solvency Margin - Minimum Capital Requirement surplus/ (deficit) | **3,509,027** | (12,104,442) |
| MCR Solvency Margin - Solvency Capital Requirement deficit | **(5,138,035)** | (10,710,404) |
| MGF Solvency Margin – Minimum Guarantee Fund surplus | **42,947,309** | 42,281,042 |

As per Article (8) of Section 2 of the financial regulations issued for insurance companies in UAE, the Company shall at all times comply with the requirements of Solvency Margins. As of 31 December 2023, the Company had solvency capital deficit of AED 5.1 million as compared to requirements of AED 108.6 million. The Company's ability to comply with the solvency requirements depends on the effective implementation of the business plan submitted to the Central Bank of UAE.

## 20 Restatement

During Q4 2023, the Company changed the basis of Measurement of long-term liability contracts from General Measurement Model (GMM) to Premium Allocation Approach (PAA) as the difference of Liability for Remaining Coverage (LFRC) between PAA and GMM approach at policy inception is not material. Accordingly, the comparative figures for this condensed interim financial information have been restated where required.

## 21 Subsequent events

On 16 April 2024, UAE witnessed unprecedented heavy rainfall causing widespread disruption across the country. The Company is closely monitoring and assessing net impact of the event.

## 22 Approval of the condensed interim financial information

The condensed interim financial information was approved by the Board of Directors and authorised for issue on 14th May 2024.