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

Condensed interim financial information (Unaudited)
For the six-month period ended 30 June 2024

فيدلتي المتحدة
Fidelity United
INSURANCE

The Board of Directors' Report – Half year ended 30th June 2024

On behalf of the Board, I would like to present to you the Board of Directors Report for the period ended June 30, 2024.

For the six months ended June 30, 2024, Fidelity United achieved a growth of 21% in the Insurance Revenue mainly attributable to the consumer business. However, the insurance service expenses increased significantly on account off increase in claims related to the commercial and consumer business. This increase in claims is majorly also due to the April 16th rains/ flooding incident, which was an unusual event for everyone associated with the Insurance Industry. After considering the reinsurance recoveries, the net Insurance service result is depicting an unfavourable position of AED 20.7m (June 2023: AED 18.9m). After accounting for the Investment income which increased by 4% as compared to last year, finance income/ expenses and other operating expenses the net loss before tax stands at AED 11.5m as compared to AED 9.7m in the corresponding period last year. Key Financial trends are shared below to provide additional perspective.

Key Financial Trends (AED in Thousands)	June 30th		Increase/(Decrease)	
	2024	2023	Amount	%
Insurance Revenue	313,533	258,644	54,889	21%
Insurance Service Expenses	- 511,499	- 255,639	- 255,860	100%
Net Recovery from RI contracts held	177,253	- 21,925	199,178	-908%
Insurance Service Result	- 20,713	- 18,920	- 1,793	9%
Net Investment Income	11,174	10,724	450	4%
Finance Income (expenses) net	- 1,186	- 1,097	- 89	8%
Other Operating Expenses	- 825	- 463	- 362	78%
Net Loss before Tax	- 11,550	- 9,756	- 1,794	18%
Income tax	1,605	-	1,605	100%
Net Loss after tax	- 9,945	- 9,756	- 189	2%

I am pleased to share that effective July 2nd, 2024, Mr. Ahmed Nasef has been appointed as the Chief Executive Officer for United Fidelity. Mr. Nasef is a seasoned insurance executive with more than two decades of experience in the insurance industry in the region, more than half of which are at leadership and board level roles with international and regional insurers. Ahmed brings a wealth of experience and a proven record of success in the insurance industry across multiple geographies. Mr. Nasef has held key leadership roles at Chubb, AXA, RSA and Liva where he demonstrated exceptional strategic vision and operational expertise.

Mr. Nasef holds a master's degree in business from University of Warwick and is an associate of the Chartered Insurance Institute, UK. As CEO his focus will be on driving the Company's strategic initiatives, enhancing customer satisfaction and ensuring sustainable growth and sound underwriting results.

Future Outlook

Under the leadership of Mr. Ahmed Nasef Fidelity United is currently going through a major transformation focused towards achieving operational excellence, sustainable growth and superior underwriting results. The Board is confident that going forward Fidelity United will be able to emerge much stronger, as a result of the above. Fidelity United as always 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 30 June 2024 and condensed interim income statement and condensed interim statement of comprehensive income for the three-month and six-month periods then ended, and condensed interim statement of changes in equity and condensed interim statement of cash flows for the six-month period then ended, and material accounting policies 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 89.8 million as compared to the SCR capital requirements of AED 123.2 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"*.

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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 August, 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 30 June 2024

	Notes	(Unaudited) 30 June 2024 AED	(Audited) 31 December 2023 AED
ASSETS			
Property and equipment		**10,528,446**	11,766,413
Investment properties	4	**46,639,999**	46,639,999
Investments at fair value through profit and loss (FVTPL)	5	**155,408,736**	155,987,108
Investments at fair value through other comprehensive income (FVTOCI)	5	**124,331,149**	113,580,481
Reinsurance contract assets	6	**448,728,610**	212,801,173
Prepayments and other receivables		**14,000,402**	6,665,532
Statutory deposits	7	**10,000,000**	10,000,000
Bank balances and cash	8	**38,301,072**	76,228,358
Deferred tax asset	14	**1,670,566**	-
TOTAL ASSETS		**849,608,980**	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		**(4,447,660)**	3,988,910
Accumulated losses		**(38,472,815)**	(36,303,139)
TOTAL EQUITY		**123,704,570**	134,310,816
LIABILITIES			
Employees' end of service benefits		**5,022,308**	4,484,362
Insurance contract liabilities	6	**664,509,898**	465,498,527
Reinsurance contract liabilities	6	**32,361,852**	5,442,405
Lease liabilities		**7,255,208**	7,187,505
Accrued expenses and other payables		**16,755,144**	16,745,449
TOTAL LIABILITIES		**725,904,410**	499,358,248
TOTAL EQUITY AND LIABILITIES		**849,608,980**	633,669,064

This condensed interim financial information was authorised for issue on 14 August 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 30 June 2024

	Notes	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
			Restated		*Restated*
		2024	2023	**2024**	2023
		AED	AED	**AED**	AED
Insurance revenue		**152,887,993**	133,102,290	**313,533,414**	258,644,081
Insurance service expenses	12	**(346,970,268)**	(115,727,428)	**(511,498,933)**	(255,638,814)
Insurance service result before reinsurance contracts held		**(194,082,275)**	17,374,862	**(197,965,519)**	3,005,267
Allocation of reinsurance premiums		**(74,660,786)**	(78,703,015)	**(156,663,960)**	(147,281,302)
Amounts recoverable from reinsurance for incurred claims		**251,937,685**	54,423,543	**333,916,489**	125,356,299
Net recovery / expense from reinsurance contracts held		**177,276,899**	(24,279,472)	**177,252,529**	(21,925,003)
Insurance service result		**(16,805,376)**	(6,904,610)	**(20,712,990)**	(18,919,736)
Net investment income	13	**3,173,887**	3,176,614	**11,174,201**	10,724,154
Finance expenses from insurance contracts issued	13	**(1,156,412)**	(467,932)	**(4,010,574)**	(4,175,157)
Finance income from reinsurance contracts held	13	**873,397**	599,393	**2,823,990**	3,077,970
Net insurance finance result		**2,890,872**	3,308,075	**9,987,617**	9,626,967
Net insurance and investment results		**(13,914,504)**	(3,596,535)	**(10,725,373)**	(9,292,769)
Other operating expenses		**(276,582)**	(200,766)	**(825,053)**	(463,513)
Loss for the period before tax		**(14,191,086)**	(3,797,301)	**(11,550,426)**	(9,756,282)
Income tax benefit		**1,245,836**	-	**1,605,191**	-
Loss for the period after tax		**(12,945,250)**	(3,797,301)	**(9,945,235)**	(9,756,282)
Basic and diluted loss per share	11	**(0.081)**	(0.024)	**(0.062)**	(0.061)

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 30 June 2024

	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
		Restated		*Restated*
	2024	2023	**2024**	2023
	AED	AED	**AED**	AED
Loss for the period after tax	**(12,945,250)**	(3,797,301)	**(9,945,235)**	(9,756,282)
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	**(5,354,770)**	7,386,006	**1,277,190**	3,440,338
Gain / (loss) on sale of equity instruments designated at FVTOCI – net of tax	**228,958**	1,042,212	**(1,938,201)**	3,238,536
Total other comprehensive (loss) / income for the period	**(5,125,812)**	8,428,218	**(661,011)**	6,678,874
Total comprehensive (loss) / income for the period	**(18,071,062)**	4,630,917	**(10,606,246)**	(3,077,408)

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

Condensed interim statement of changes in equity
For the period ended 30 June 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)*	-	-	-	-	-	(9,756,282)	(9,756,282)
Other comprehensive income for the period	-	-	-	-	3,440,338	3,238,536	6,678,874
Total comprehensive income / (loss) for the period	-	-	-	-	3,440,338	(6,517,746)	(3,077,408)
Transfer to accumulated losses on sale of equity instruments designated at FVTOCI	-	-	-	-	(4,697,736)	4,697,736	-
Restated balance at 30 June (Unaudited)	160,000,000	1,375,495	447,524	2,989,376	(7,878,880)	(23,802,875)	133,130,640
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**
Loss for the period	-	-	-	-	-	(9,945,235)	(9,945,235)
Other comprehensive income / (loss) for the period	-	-	-	-	1,277,190	(1,938,201)	(661,011)
Total comprehensive income / (loss) for the period	-	-	-	-	1,277,190	(11,883,436)	(10,606,246)
Transfer to accumulated losses on sale of equity instruments designated at FVTOCI	-	-	-	-	(9,713,760)	9,713,760	-
Balance at 30 June 2024 (Unaudited)	**160,000,000**	**1,375,495**	**447,524**	**4,802,026**	**(4,447,660)**	**(38,472,815)**	**123,704,570**

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 30 June 2024

	Note	For the six-month period ended 30 June (Unaudited)	
			Restated
		2024	2023
		AED	AED
Cash flows from operating activities			
Loss for the period before tax		**(11,550,426)**	(9,756,282)
Adjustments for:			
Depreciation of property and equipment		**1,489,021**	2,554,543
Change in fair value for investments at FVTPL		**1,736,027**	(791,716)
Investment income		**(13,014,362)**	(10,054,393)
Expected credit losses		**1,397,200**	1,282,134
Interest expense on lease liability		**182,460**	311,898
Provision for employees' end of service indemnity		**592,306**	471,285
Operating cash flows before changes in working capital		**(19,167,774)**	(15,982,531)
Changes in working capital:			
Insurance, other receivables, and prepayments		**(7,334,870)**	(3,247,746)
Reinsurance contract assets (insurance contract assets)		**(237,324,637)**	(34,658,844)
Reinsurance contract liabilities (insurance contract liabilities)		**225,930,818**	77,534,764
Accounts payable and premium collected in advance		**9,695**	3,275,454
Cash (used in) / generated from operations		**(37,886,768)**	26,921,097
Employees end of service indemnity paid		**(54,360)**	(304,552)
Net cash (used in) / generated from operating activities		**(37,941,128)**	26,616,545
Cash flows from investing activities			
Purchase of property and equipment		**(251,054)**	(370,016)
Deposits redeemed during the period		**10,000,000**	3,000,000
Proceeds from disposal of investments at FVTOCI		**36,704,886**	56,783,304
Purchase of investments at FVTOCI		**(48,181,924)**	(38,040,923)
Interest received		**3,439,121**	2,269,593
Proceeds from disposal of investments at FVTPL		**9,396,334**	14,920,158
Purchase of investments at FVTPL		**(11,486,304)**	(40,703,418)
Dividend received from investments at FVTOCI		**9,548,810**	6,335,690
Income received from investment properties		**958,730**	1,034,110
Net cash generated from investing activities		**10,128,599**	5,228,498
Cash flows from financing activities			
Interest paid		**-**	(311,901)
Payment of lease liability		**(114,757)**	(3,387,629)
Net cash used in financing activities		**(114,757)**	(3,699,530)
Net increase in cash and cash equivalents		**(27,927,286)**	28,145,513
Cash and cash equivalents at beginning of the period		**63,228,358**	35,736,058
Cash and cash equivalents at end of the period	**8**	**35,301,072**	63,881,571

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 30 June 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 Abu Dhabi, 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.

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 Law ("CT Law") 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 year 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.

2 Basis of preparation

This condensed interim financial information is for the six-month period ended 30 June 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, prepayments and other receivables. 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, accrued expenses and other payables 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 comprise two commercial buildings in Dubai, UAE and Ras Al Khaimah, 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 30 June 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) 30 June 2024 AED	(Audited) 31 December 2023 AED
Financial assets at fair value through profit and loss (FVTPL)	**155,408,736**	155,987,108
Financial assets at fair value through other comprehensive income (FVTOCI)	**124,331,149**	113,580,481
	279,739,885	269,567,589

Movements in financial investments

The gross movements in investments at FVTPL is as follows:

	(Unaudited) 30 June 2024 AED	(Audited) 31 December 2023 AED
Opening balance	**155,987,108**	103,295,993
Purchased during the period/year	**11,486,304**	82,003,515
Sold during the period/year	**(10,327,578)**	(28,784,371)
Changes in fair value during the period/year	**(1,737,098)**	(528,029)
Closing balance	**155,408,736**	155,987,108

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

	(Unaudited) 30 June 2024 AED	(Audited) 31 December 2023 AED
Opening balance	**113,580,481**	122,132,728
Purchased during the period/year	**48,181,924**	66,038,520
Sold during the period/year	**(38,834,762)**	(86,159,802)
Changes in fair value during the period/year	**1,403,506**	11,569,035
Closing balance	**124,331,149**	113,580,481

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

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:

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	(313,533,414)	-	-	-	(313,533,414)
Insurance service expenses	63,968,516	4,173,625	423,568,763	19,788,029	511,498,933
Incurred claims and other expenses	-	-	380,088,986	22,344,773	402,433,759
Amortisation of insurance acquisition cash flows	63,968,516	-	-	-	63,968,516
Losses on onerous contracts and reversals	-	4,173,625	-	-	4,173,625
Changes to liabilities for incurred claims	-	-	43,479,777	(2,556,744)	40,923,033
Insurance service result	(249,564,898)	4,173,625	423,568,763	19,788,029	197,965,519
Insurance finance expense	-	-	4,010,574	-	4,010,574
Total changes in the statement of comprehensive income	(249,564,898)	4,173,625	427,579,337	19,788,029	201,976,093
Cash flows					
Premiums received	339,640,040	-	-	-	339,640,040
Claims and other expenses paid	-	-	(272,274,587)	-	(272,274,587)
Insurance acquisition paid	(70,330,175)	-	-	-	(70,330,175)
Total cash flows	269,309,865	-	(272,274,587)	-	(2,964,722)
Net insurance contract liabilities as at 30 June	146,019,358	25,049,771	459,955,252	33,485,517	664,509,898

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)

	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

The roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims, is disclosed in the table below:

Contracts measured under the PAA

2024

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss 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	(156,663,960)	-	-	-	(156,663,960)
Amounts recoverable from reinsurers for incurred claims	-	(1,925,733)	318,968,465	16,873,757	333,916,489
Amounts recoverable for incurred claims and other expenses	-	-	250,778,882	16,568,340	267,347,222
Loss-recovery on onerous underlying contracts and adjustments	-	(1,925,733)	-	-	(1,925,733)
Changes to amounts recoverable for incurred claims	-	-	68,189,583	305,417	68,495,000
Net income or expense from reinsurance contracts held	(156,663,960)	(1,925,733)	318,968,465	16,873,757	177,252,529
Reinsurance finance income	-	-	2,823,990	-	2,823,990
Total changes in the statement of comprehensive income	(156,663,960)	(1,925,733)	321,792,455	16,873,757	180,076,519
Cash flows					
Premiums paid	176,429,876	-	-	-	176,429,876
Amounts received	-	-	(147,498,405)	-	(147,498,405)
Total cash flows	176,429,876	-	(147,498,405)	-	28,931,471
Net reinsurance contract assets as at 30 June					
Reinsurance contract assets as at 30 June	97,280,063	5,464,696	320,035,867	25,947,984	448,728,610
Reinsurance contract liabilities as at 30 June	(69,634,315)	48,805	35,803,975	1,419,683	(32,361,852)
Net reinsurance contract assets as at 30 June	27,645,748	5,513,501	355,839,842	27,367,667	416,366,758

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

2023

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss 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	-	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

Notes to the condensed interim financial information
For the period ended 30 June 2024

7 Statutory deposits

As at 30 June 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. This deposit has been pledged to the bank as security against a guarantee issued by the bank in favour 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 5% per annum (2023: 4.90% per annum).

8 Bank balances and cash

	(Unaudited) 30 June 2024	(Audited) 31 December 2023	(Unaudited) 30 June 2023
	AED	AED	AED
Bank balances and cash with local banks in UAE	**38,301,072**	76,228,358	83,881,571
Less: Bank deposits with maturity over 3 months	**(3,000,000)**	(13,000,000)	(20,000,000)
Cash and cash equivalents	**35,301,072**	63,228,358	63,881,571

9 Share capital

	(Unaudited) 30 June 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 six-month-period ended 30 June 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 loss per share

	Six-month period ended 30 June (Unaudited)	
		Restated
	2024	2023
	AED	AED
Loss for the period after tax	**(9,945,235)**	(9,756,282)
Weighted average number of shares	**160,000,000**	160,000,000
Loss per share	**(0.062)**	(0.061)

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

12 Insurance service expense

	Six-month period ended 30 June (Unaudited)	
		Restated
	2024	2023
	AED	AED
Incurred claims and other expenses	**388,901,092**	196,357,477
Amortisation of insurance acquisition cash flows	**63,968,516**	49,159,164
Losses on onerous contracts	**4,173,625**	628,072
Changes to liabilities for incurred claims	**40,923,033**	(5,776,125)
Acquisition cash flows recognised when incurred	**13,532,667**	15,270,226
Insurance Service Expense	**511,498,933**	255,638,814

	Three-month period ended 30 June (Unaudited)	
		Restated
	2024	2023
	AED	AED
Incurred claims and other expenses	**262,039,758**	100,400,263
Amortisation of insurance acquisition cash flows	**32,519,975**	25,633,898
Losses on onerous contracts and reversals of those losses	**4,149,351**	(9,926,651)
Changes to liabilities for incurred claims	**36,196,770**	(7,193,947)
Acquisition cash flows recognised when incurred	**12,064,414**	6,813,865
Insurance Service Expense	**346,970,268**	115,727,428

13 Total investment income and net insurance financial result

	Six-month period ended 30 June (Unaudited)	
	2024	2023
	AED	AED
Rental income from investment properties	**1,335,905**	1,420,686
Investment property expenses	**(377,172)**	(386,576)
Income from investment property – net	**958,733**	1,034,110
Interest on fixed deposits	**571,589**	618,381
(Loss)/ gain on disposal of investments at FVTPL	**(931,244)**	414,999
Dividend income - investments at FVTOCI	**6,805,308**	4,254,639
Dividend income - investments at FVTPL	**2,743,502**	2,081,051
Interest income from bonds	**2,867,532**	1,651,212
Other investment expenses	**(105,192)**	(121,953)
(Loss)/ profit in fair value of investments FVTPL	**(1,736,027)**	791,715
Net investment Income	**11,174,201**	10,724,154

13 Total investment income and net insurance financial result (continued)

	Three-month period ended 30 June (Unaudited)	
	2024	2023
	AED	AED
Rental income from investment properties	**922,439**	746,525
Investment property expenses	**(186,306)**	(173,408)
Income from investment property – net	**736,133**	573,117
Interest on fixed deposits	**209,915**	266,225
Loss on disposal of investments at FVTPL	**-**	(352)
Dividend income - investments at FVTOCI	**63,609**	85,916
Dividend income - investments at FVTPL	**1,946,494**	1,238,520
Interest income from bonds	**1,394,012**	929,552
Other investment expenses	**(27,665)**	(89,947)
(Loss)/ profit in fair value of investments FVTPL	**(1,148,611)**	173,583
Net investment Income	**3,173,887**	3,176,614

Insurance and reinsurance finance income and expense

	Six-month period ended 30 June (Unaudited)	
	2024	2023
	AED	AED
		Restated
Finance expenses from insurance contracts issued	**(4,010,574)**	(4,175,157)
Finance income from reinsurance contracts held	**2,823,990**	3,077,970
Net insurance finance expenses	**(1,186,584)**	(1,097,187)

	Three-month period ended 30 June (Unaudited)	
	2024	2023
	AED	AED
		Restated
Finance expenses from insurance contracts issued	**(1,156,412)**	(467,932)
Finance income from reinsurance contracts held	**873,397**	599,393
Net insurance finance expenses	**(283,015)**	131,461

Notes to the condensed interim financial information
For the period ended 30 June 2024

14 Income Tax

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 30 June (Unaudited)	
	2024	2023
	AED	AED
Condensed interim income statement:		
Current tax	**-**	-
Deferred Tax	**1,245,836**	-

	Three-month period ended 30 June (Unaudited)	
	2024	2023
	AED	AED
Condensed interim statement of comprehensive income:		
Current tax	**-**	-
Deferred Tax	**506,949**	-

	Six-month period ended 30 June (Unaudited)	
	2024	2023
	AED	AED
Condensed interim income statement:		
Current tax	**-**	-
Deferred Tax	**1,605,191**	-

	Six-month period ended 30 June (Unaudited)	
	2024	2023
	AED	AED
Condensed interim statement of comprehensive income:		
Current tax	**-**	-
Deferred Tax	**65,375**	-

During the current period , adjusted taxable loss amounted to AED 17,835,450 and as a result the company has not provided for current taxes.

14 Income Tax (continued)

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 statement of comprehensive income or condensed interim statement of changes in equity

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

	(Unaudited) 30 June 2024	(Audited) 31 December 2023
	AED	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	**65,375**	-
Recognised through income statement	**1,605,191**	-
	1,670,566	-

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) 30 June 2024	(Audited) 31 December 2023
	AED	AED
Affiliates of major shareholders:		
Insurance contract liabilities	**(4,133,659)**	(5,207,946)
Liability for incurred claims	**(1,578,366)**	(5,142,571)
Other receivables	**366,949**	649,608

15 Related party balances and transactions (continued)

Transactions

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

	Three-month period ended 30 June (Unaudited)	
	2024	2023
	AED	AED
Affiliates of major shareholders:		
Insurance revenue	**4,140,158**	4,910,558
Insurance service expenses	**(5,397,683)**	(5,622,904)
Net payments to reinsurance brokers	**(1,598,627)**	(3,186,576)
Employee benefits to key management personnel	**978,549**	722,176

	Six-month period ended 30 June (Unaudited)	
	2024	2023
	AED	AED
Affiliates of major shareholders:		
Insurance revenue	**8,300,021**	12,823,851
Insurance service expenses	**(11,042,114)**	(9,463,261)
Net payments to reinsurance brokers	**(11,326,470)**	(4,845,073)
Employee benefits to key management personnel	**2,142,521**	1,814,108

16 Segment information

For management purposes, the Company is organised 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 below:

2024	For the three-month period ended 30 June 2024 (Unaudited)			
	Commercial	**Consumer**	**Employee benefits**	**Total**
	AED	**AED**	**AED**	**AED**
Insurance revenue	**36,892,950**	**53,874,418**	**62,120,625**	**152,887,993**
Insurance service expenses	**(197,399,989)**	**(99,309,976)**	**(50,260,303)**	**(346,970,268)**
Insurance service result before reinsurance contracts held	**(160,507,039)**	**(45,435,558)**	**11,860,322**	**(194,082,275)**
Allocation of reinsurance premiums	**(25,059,330)**	**(12,867,073)**	**(36,734,383)**	**(74,660,786)**
Amounts recoverable from reinsurance	**181,259,178**	**42,277,118**	**28,401,389**	**251,937,685**
Net recovery/expenses from reinsurance contracts held	**156,199,848**	**29,410,045**	**(8,332,994)**	**177,276,899**
Insurance service result	**(4,307,191)**	**(16,025,513)**	**3,527,328**	**(16,805,376)**

16 Segment information (continued)

2023	For the three-month period ended 30 June 2023 (Unaudited)			*Restated*
	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance revenue	30,327,912	22,795,197	79,979,181	133,102,290
Insurance service expenses	(16,486,534)	(26,948,289)	(72,292,605)	(115,727,428)
Insurance service result before reinsurance contracts held	13,841,378	(4,153,092)	7,686,576	17,374,862
Allocation of reinsurance premiums	(22,596,005)	(5,766,256)	(50,340,754)	(78,703,015)
Amounts recoverable from reinsurance	4,804,457	6,447,403	43,171,683	54,423,543
Net expenses from reinsurance contracts held	(17,791,548)	681,147	(7,169,071)	(24,279,472)
Insurance service result	(3,950,170)	(3,471,945)	517,505	(6,904,610)

2024	**For the six-month period ended 30 June 2024 (Unaudited)**			
	Commercial AED	**Consumer AED**	**Employee benefits AED**	**Total AED**
Insurance revenue	**73,766,723**	**103,303,445**	**136,463,246**	**313,533,414**
Insurance service expenses	**(233,311,728)**	**(158,892,363)**	**(119,294,842)**	**(511,498,933)**
Insurance service result before reinsurance contracts held	**(159,545,005)**	**(55,588,918)**	**17,168,404**	**(197,965,519)**
Allocation of reinsurance premiums	**(49,662,935)**	**(23,433,920)**	**(83,567,105)**	**(156,663,960)**
Amounts recoverable from reinsurance	**204,241,708**	**60,738,856**	**68,935,925**	**333,916,489**
Net recovery /expenses from reinsurance contracts held	**154,578,773**	**37,304,936**	**(14,631,180)**	**177,252,529**
Insurance service result	**(4,966,232)**	**(18,283,982)**	**2,537,224**	**(20,712,990)**

16 Segment information (continued)

2023	For the six-month period ended 30 June 2023 (Unaudited)			*Restated*
	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance revenue	68,743,350	45,685,467	144,215,264	258,644,081
Insurance service expenses	(45,322,382)	(58,356,355)	(151,960,077)	(255,638,814)
Insurance service result before reinsurance contracts held	23,420,968	(12,670,888)	(7,744,813)	3,005,267
Allocation of reinsurance premiums	(46,215,766)	(10,538,151)	(90,527,385)	(147,281,302)
Amounts recoverable from reinsurance	23,523,129	10,179,954	91,653,216	125,356,299
Net recovery /expenses from reinsurance contracts held	(22,692,637)	(358,197)	1,125,831	(21,925,003)
Insurance service result	728,331	(13,029,085)	(6,618,982)	(18,919,736)

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

	As at 30 June 2024 (Unaudited)			
	Commercial AED	**Consumer AED**	**Employee benefits AED**	**Total AED**
Insurance contract liabilities	**(319,916,223)**	**(233,891,235)**	**(110,702,440)**	**(664,509,898)**
Reinsurance contract assets	**336,654,495**	**110,716,000**	**1,358,115**	**448,728,610**
Reinsurance contract liabilities	**(1,003,695)**	**(10,521)**	**(31,347,636)**	**(32,361,852)**

	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) 30 June 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
	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED		
Investments at FVTOCI				
Quoted equity securities – FVTOCI	**124,331,149**	113,580,481	Level 1	Quoted bid prices in an active market.
Unquoted Investments	**155,408,736**	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 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.

	(Unaudited) 30 June 2024 AED	(Audited) 31 December 2023 AED
Minimum Capital Requirement (MCR)	**100,000,000**	100,000,000
Solvency Capital Requirement (SCR)	**123,256,759**	108,647,062
Minimum Guarantee Fund (MGF)	**71,807,367**	60,561,719
Basic Own Funds	**33,401,357**	103,509,027
MCR Solvency Margin - Minimum Capital Requirement (deficit)/surplus	**(66,598,643)**	3,509,027
MCR Solvency Margin - Solvency Capital Requirement Deficit	**(89,855,402)**	(5,138,035)
MGF Solvency Margin – Minimum Guarantee Fund (deficit)/surplus	**(38,406,010)**	42,947,309

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 30 June 2024, the Company had solvency capital deficit of AED 89,855,402 as compared to requirements of AED 123,256,759. 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. The net impact of restatement on loss for the three-month period is AED 1.34 million and for the six-month period ended 30 June 2023 is AED 1.37 million. Accordingly, the comparative figures for this condensed interim financial information have been restated where required.

21 Subsequent events

There have been no other events subsequent to the condensed interim statement of financial position date that would significantly affect the amounts reported in the condensed interim financial information as at and for the six-month period ended 30 June 2024.

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 14 August 2024.