Al Fujairah National Insurance Company PJSC

Condensed interim financial information (Unaudited)
For the nine-months period ended 30 September 2024

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AL FUJAIRAH NATIONAL INSURANCE CO p.j.s.c
Paid-up Capital Dhs 133,100,000.
Registered under Insurance Authority
Registration No 11 Dated 25/12/1984

Al Fujairah National Insurance Company PJSC
Directors' report for the nine-month period ended 30 September 2024

The Board of Directors has the pleasure of submitting their report and the condensed interim financial information for the nine-month period ended 30 September 2024.

Incorporation and registered office

Al Fujairah National Insurance Company PJSC (the "Company") was incorporated under Emiri Decree No. 3 issued by His Highness, The Ruler of Fujairah in 1976. The address of the Company's registered head office is P.O. Box 277, Fujairah, United Arab Emirates.

Financial position and results

The Company earned a net profit after tax of AED 15.96 million for the nine-months period ended 30 September 2024 compared to AED 13.42 million net loss for the nine-months period ended 30 September 2023.

The Company has achieved insurance service results of AED 3.96 million for the nine-months period ended 30 September 2024 compared to AED (11.58) million for the nine-months period ended 30 September 2023.

The Company's insurance revenue is AED 291.01 million for the nine-months period ended 30 September 2024 compared to AED 201.31 million for the nine-months period ended 30 September 2023.

The Company's investment and other income is AED 22.63 million for the nine-months period ended 30 September 2024, as compared to AED 9.70 million for the nine-months period ended 30 September 2023.

Basic earnings per share for the nine-months period ended 30 September 2024 has improved to AED 11.99 as compared to basic loss per share of AED 10.08 for the nine-month period ended 30 September 2023 on a paid up capital base of AED 133.10 million.

The shareholder's equity has improved from AED 301.57 million as at 31 December 2023 to AED 323.86 million as at 30 September 2024.

On behalf of the Board of Directors of Al Fujairah National Insurance Company PJSC, I would like to thank all who are working hard in the turnaround journey of the Company. Our sincere appreciation to the executive management and to the staff for their dedication and constant hard work.

Mr. Abdul Ghafour Behroozian
Chairman
13 November 2024

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Review report of the Independent Auditor

To the Shareholders of Al Fujairah National Insurance Company PJSC

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Al Fujairah National Insurance Company PJSC (the "Company") as at 30 September 2024 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows for the nine-month period then ended, and a summary of material accounting policies and other related explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial information in accordance with International Accounting Standard 34 *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on these condensed interim financial information based on our review.

Scope of review

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

Conclusion

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

Other matter

The financial statements of the Company for the year ended 31 Dember 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 6 March 2024. The condensed interim financial information of the Company for the nine-month period ended 30 September 2023, were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial information on 14 November 2023.

BDO CHARTERED ACCOUNTANTS & ADVISORS
Dubai
Mohamed Afzal Koya Ali
Reg. No. 522
13 November 2024

بي دي او محاسبون قانونيون ومستشارون، شركة مساهمة مسجلة بدبي وعضو بشركات بي دي أو العالمية المحدودة وبضمان محدود من المملكة المتحدة وتشكل جزء من شبكة بي دي أو العالمية ذات عضوية مستقلة.

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Al Fujairah National Insurance Company PJSC
Condensed interim financial information (Unaudited)

Condensed interim statement of financial position
As at 30 September 2024

	Notes	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Assets			
Property and equipment	4	**41,000,021**	28,440,316
Investment properties	5	**79,368,925**	79,368,925
Financial assets	6	**327,512,943**	333,676,498
Statutory deposits	7	**10,000,000**	10,000,000
Reinsurance contract assets	8	**180,091,260**	106,055,899
Other receivables		**16,382,733**	18,526,512
Cash and cash equivalents	11	**191,835,494**	94,764,274
Total assets		**846,191,376**	670,832,424
Equity and liabilities			
Equity			
Share capital	12	**133,100,000**	133,100,000
Statutory reserve		**40,963,430**	40,963,430
General reserve		**37,118,270**	37,118,270
Reinsurance reserve		**1,571,230**	1,571,230
Cumulative changes in fair value of FVTOCI investments		**98,110,859**	91,771,972
Property revaluation reserve		**11,205,588**	11,205,588
Retained earnings/ (Accumulated losses)		**1,790,355**	(14,163,606)
Total equity		**323,859,732**	301,566,884
Liabilities			
Provision for employees' end of service benefits		**17,452,299**	15,577,401
Insurance contract liabilities	8	**460,996,174**	327,349,595
Other payables		**15,913,555**	15,447,544
Lease liabilities		**26,531,400**	10,891,000
Tax payable	10	**828,488**	-
Deferred tax liability	9	**609,728**	-
Total liabilities		**522,331,644**	369,265,540
Total equity and liabilities		**846,191,376**	670,832,424

This condensed interim financial information was authorised for issue on 13 November 2024 by the Board of Directors and signed on its behalf by:

Mr. Abdul Ghafour Behroozian
Chairman

Mr. Antoine Maalouli
Chief Executive Officer

The notes from 1 to 21 form an integral part of this condensed interim financial information.

Condensed interim statement of profit or loss
For the period ended 30 September 2024

	Notes	(Unaudited) Three-month period ended 30 September 2024 AED	(Unaudited) Three-month period ended 30 September 2023 AED	(Unaudited) Nine-month period ended 30 September 2024 AED	(Unaudited) Nine-month period ended 30 September 2023 AED
Insurance revenue		112,395,251	78,880,079	291,013,261	201,310,064
Insurance service expenses	14	(107,579,581)	(91,441,898)	(327,029,312)	(205,732,315)
Insurance service results before reinsurance contracts held		4,815,670	(12,561,819)	(36,016,051)	(4,422,251)
Allocation of reinsurance premiums		(33,213,033)	(19,275,645)	(85,232,197)	(48,465,261)
Amounts recoverable from reinsurance for incurred claims		20,611,112	32,260,012	127,597,316	41,882,501
Net income/ (expenses) from reinsurance contracts held		(12,601,921)	12,984,367	42,365,119	(6,582,760)
Net reinsurance finance (expense)/ income for reinsurance contracts held		1,805,650	(431,929)	(2,390,486)	(577,940)
Insurance service results		(5,980,601)	(9,381)	3,958,582	(11,582,951)
Income from Investment		12,071,501	3,939,192	22,630,047	9,703,367
Other operating expenses		(3,592,984)	(3,828,977)	(9,754,266)	(11,537,515)
Profit/ (loss) for the period before tax		2,497,916	100,834	16,834,363	(13,417,099)
Tax expense	10	(122,788)	-	(873,361)	-
Profit/ (loss) for the period after tax		2,375,128	100,834	15,961,002	(13,417,099)
Basic and diluted earnings/ (loss) per share after tax	13	1.78	0.08	11.99	(10.08)

The notes from 1 to 21 form an integral part of this condensed interim financial information.

Condensed interim statement of comprehensive income
For the period ended 30 September 2024

	Notes	(Unaudited) Three-month period ended 30 September 2024	(Unaudited) Three-month period ended 30 September 2023	(Unaudited) Nine-month period ended 30 September 2024	(Unaudited) Nine-month period ended 30 September 2023
		AED	AED	AED	AED
Profit/ (loss) for the period after tax		2,375,128	100,834	15,961,002	(13,417,099)
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss:					
Net increase in fair value of investments designated at FVTOCI		567,730	-	834,590	-
Tax related to items that will be reclassified	9	(50,263)	-	(73,061)	-
Items that will not be reclassified subsequently to profit or loss:					
Net change in fair value of investments designated at FVTOCI – net of tax		(1,488,901)	(2,701,156)	6,165,419	8,011,406
(Loss)/ gain on sale of investments designated at FVTOCI		(610,996)	4,746,547	(103,308)	4,966,359
Tax related to items that will not be reclassified	9	209,252	-	(491,794)	-
Other comprehensive Income/ (loss) for the period		(1,373,178)	2,045,391	6,331,846	12,977,765
Total comprehensive income/ (loss) for the period		1,001,950	2,146,225	22,292,848	(439,334)

The notes from 1 to 21 form an integral part of this condensed interim financial information.

Condensed interim statement of changes in equity
For the period ended 30 September 2024

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Cumulative changes in fair value of FVTOCI investments AED	Property revaluation reserve AED	Retained earnings/ (accumulated losses) AED	Total equity AED
Balance at 1 January 2023 (Audited)	133,100,000	40,963,430	37,118,270	1,158,635	77,471,992	11,205,588	(9,093,638)	291,924,277
Loss for the period	-	-	-	-	-	-	(13,417,099)	(13,417,099)
Other comprehensive income for the period	-	-	-	-	12,977,765	-	-	12,977,765
Total comprehensive loss for the period	-	-	-	-	12,977,765	-	(13,417,099)	(439,334)
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	-	(2,183,022)	-	2,183,022	-
Balance at 30 September 2023 (Unaudited)	133,100,000	40,963,430	37,118,270	1,158,635	88,266,735	11,205,588	(20,327,715)	291,484,943
Balance at 1 January 2024 (Audited)	133,100,000	40,963,430	37,118,270	1,571,230	91,771,972	11,205,588	(14,163,606)	301,566,884
Profit for the period	-	-	-	-	-	-	15,961,002	15,961,002
Other comprehensive income for the period	-	-	-	-	6,331,846	-	-	6,331,846
Total comprehensive income for the period	-	-	-	-	6,331,846	-	15,961,002	22,292,848
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	-	7,041	-	(7,041)	-
Balance at 30 September 2024 (Unaudited)	133,100,000	40,963,430	37,118,270	1,571,230	98,110,859	11,205,588	1,790,355	323,859,732

The notes from 1 to 21 form an integral part of this condensed interim financial information.

Condensed interim statement of cash flows
For the period ended 30 September 2024

	Notes	(Unaudited) Nine-month period ended 30 September 2024 AED	(Unaudited) Nine-month period ended 30 September 2023 AED
Cash flows from operating activities			
Profit/(loss) for the period before tax		16,834,363	(13,417,099)
Adjustments for:			
Depreciation of property and equipment		11,281,133	11,028,704
Gain on disposal of investments at FVTPL		(6,417,483)	(1,574,667)
Gain on disposal of property and equipment		(16,286)	(164,516)
(Gain)/ loss from change in fair value of investments at FVTPL	6	(498,588)	1,970,052
Provision for employees' end of service benefits		2,245,447	2,709,282
Interest on deposits		(5,539,850)	(2,109,313)
Dividend income		(9,123,564)	(6,330,836)
Income from investment properties		(1,115,122)	(706,586)
Amortisation of premium on amortised cost debt investments		80,846	-
Finance costs		972,435	67,968
Operating cash flows before changes in working capital		8,703,331	(8,527,011)
Changes in working capital:			
Reinsurance contract assets and liabilities-net	8	(74,035,361)	(33,553,942)
Insurance contract liabilities	8	133,646,579	94,116,366
Accounts and other receivables		2,143,779	4,195,204
Accounts and other payables		466,011	1,822,752
Net cash generated from operations		70,924,339	58,053,369
Employees' end of service benefits paid		(370,547)	(3,098,869)
Net cash generated from operating activities		70,553,792	54,954,500
Cash flows from investing activities			
Purchase of property and equipment		(1,106,577)	(1,306,268)
Increase in investment in fixed deposits with maturity over three months		(56,155,345)	(35,085,454)
Purchase of investment in securities		(138,464,740)	(70,394,365)
Proceeds from sale of investments		158,360,220	80,700,806
Interest received		5,539,850	2,109,313
Dividends received		9,123,564	6,330,836
Income from investment properties		1,115,122	706,586
Proceeds from disposal of property and equipment		18,318	55,276
Net cash used in investing activities		(21,569,588)	(16,883,270)
Cash flows from financing activity			
Payment of lease liabilities		(8,068,331)	(5,750,845)
Net cash used in financing activity		(8,068,331)	(5,750,845)
Net Increase in cash and cash equivalents		40,915,873	32,320,385
Cash and cash equivalents at beginning of the period		40,137,788	38,598,378
Cash and cash equivalents at end of the period	11	81,053,661	70,918,763

The notes from 1 to 21 form an integral part of this condensed interim financial information.

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

1 Legal status and activities

Al Fujairah National Insurance Company PJSC, Fujairah (the "Company") is incorporated as a public shareholding Company by Emiri Decree No. 3 issued by His Highness, The Ruler of Fujairah in 1976. The Company is subject to the regulations of the U.A.E. Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations and is registered in the Insurance Companies Register of the Central Bank of the United Arab Emirates under registration number (11). The address of the Company's registered head office is P.O. Box 277, Fujairah, 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 insurance and short-term life insurance. The company operates through its head office in Fujairah and branch offices in Dubai, Abu Dhabi, Sharjah, Khorfakkan and Dibba.

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

In 2023, Federal Law No. 48 of 2023 has been issued with an effective date of 30 November 2023, repealing Federal Law No. 6 of 2007. The Company is now compliant with the provisions of Article 112 of Federal Law No. 48 of 2023.

On 9 December 2022, the U.A.E. Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax (CT) regime in the U.A.E. The CT regime is effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116/2022 released in January 2023 specified that a rate of 9% would apply to the taxable income exceeding AED 375,000 and a rate of 0% will apply to the taxable income not exceeding AED 375,000.

2 Basis of preparation

This condensed interim financial information is for the nine-month period ended 30 September 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 properties which are carried at fair value and the provision for employees' end of service benefits which is calculated in line with UAE labour laws.

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

The condensed interim financial information does not include all of the information required in annual financial statements in accordance with IFRS Accounting Standards 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 Accounting Standards")

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	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.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of the property and equipment.

Capital work in progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate property and equipment and is depreciated in accordance with the Company's policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

The rates of depreciation used are based on the following estimated useful lives of the assets:

Category	Years
Freehold property	30
Motor vehicles	5
Furniture and office equipment	4-5
Leasehold improvements	10

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

3 Material accounting policies (Continued)

Property and equipment (Continued)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit or loss within 'other income'.

Financial assets

Classification and measurement - Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the statement of profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

(i) debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

(ii) debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);

(iii) all other debt instruments (e.g. debt instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at FVTPL. However, the Company may make the following irrevocable election/designation at initial recognition of a financial asset on an asset by-asset basis:

   a. The Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income (OCI); and

   b. The Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

3 Material accounting policies (Continued)

Financial assets (Continued)

Equity instruments at FVTOCI

Investments in equity instruments/funds at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value of securities. The cumulative gain or loss will not be reclassified to statement of profit or loss on disposal of the investments in equity instruments/funds but reclassified to retained earnings. The Company has designated all investments in equity instruments that are not held for trading as FVTOCI.

Dividend income on these investments in equity instruments is recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

Debt instruments at amortised cost or at FVTOCI

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to statement of profit or loss.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

(i) assets with contractual cash flows that are not SPPI; or/and

(ii) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or

(iii) assets designated at FVTPL using the fair value option. These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the statement of profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost are those financial assets for which:

- the Company's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition of issue and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents, investment in debt securities and other receivables.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3 Material accounting policies (Continued)

Financial assets (Continued)

Fair value measurement

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, considering observable market inputs and unobservable financial data of investees.

Impairment and collectability of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments.
- Financial guarantee contracts issued; and
- Loan commitments issued.

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL

ECL are probability-weighted estimates of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities includes other payables and lease liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of profit or loss are included within finance costs or finance income.

3 Material accounting policies (Continued)

Taxation

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.

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 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.

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 statement of profit or loss, 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.

Judgements and estimates

The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period.

Measurement of the expected credit loss ("ECL") allowance

The measurement of ECL is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on the credit loss allowance for debt instruments carried at amortised cost, FVTOCI investments, bank balances and fixed deposits: definition of default, significant increase in credit risk, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD") and the historical loss experience per ageing bucket has the major impact on the credit loss allowance for Insurance and other receivables. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Insurance and reinsurance contracts

The Company applies the premium allocation approach ("PAA") to simplify the measurement of insurance contracts. When measuring liabilities for incurred claims, the Company discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

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

3 Material accounting policies (Continued)

Liability for remaining coverage (Continued)

The Company includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Company estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Company then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

Liability for incurred claims

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

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

Discount rates

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

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

	1 year		3 years		5 years		10 years	
	2024	2023	2024	2023	2024	2023	2024	2023
Insurance contracts issued	4.57%	6.72%	4.02%	5.90%	3.96%	5.64%	4.04%	5.54%
Reinsurance contracts held	4.57%	6.72%	4.02%	5.90%	3.96%	5.64%	4.04%	5.54%

3 Material accounting policies (Continued)

Risk adjustment for non-financial risk

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

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Insurance and financial risk management

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2023. There have been no changes in any risk management policies since the year end.

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

4 Property and equipment

All property and equipment are located in the United Arab Emirates.

During the nine-month period ended 30 September 2024, the Company purchased AED 1,106,577 (during the year ended 31 December 2023: AED 1,342,824) of various types of equipment, disposals of AED 85,032 (during the year ended 31 December 2023: AED 106,210) and there are no write-offs. This includes right-of-use assets for various premises on lease within UAE. During the nine-month period ended 30 September 2024, the right-of-use assets increased by AED 23,212,629 million (during the year ended 31 December 2023: AED 12,955,431) on account of addition to leases entered into by the Company for the customer service counters.

5 Investment properties

All the investment properties are stated at fair value and are located in U.A.E.

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Fair value at the beginning of the period/ year	79,368,925	76,894,500
Increase in fair value during the period/ year	-	2,474,425
	79,368,925	79,368,925

Investment properties represent the fair value of two buildings and a plot of land which are located in Fujairah, U.A.E.

Management estimates that there has been no change in the fair value of investment properties during the nine-month period ended 30 September 2024.

Investment properties are classified as Level 3 in the fair value hierarchy as at 30 September 2024 (31 December 2023: Level 3) and are located in U.A.E.

6 Financial assets

The Company's financial assets at the end of reporting period/ year are detailed below:

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Financial assets measured at fair value through other comprehensive income (FVTOCI)		
Quoted equity securities	122,137,723	133,184,511
Mutual funds	55,946,132	94,434,301
Unquoted equity securities	49,534,708	51,193,364
Quoted debt Securities	2,186,325	2,091,870
Allowances for impairment	(44,144)	(44,144)
	229,760,744	280,859,902
Financial assets measured at fair value through profit and loss (FVTPL)		
Quoted equity securities	58,718,434	52,816,596
Financial assets measured at amortised cost		
Quoted debt Securities	39,033,765	-
Total Financial assets	327,512,943	333,676,498

The movements in the financial investments are as follows:

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Financial assets measured at FVTOCI		
Fair value at the beginning of the period/year	280,859,902	296,749,237
Purchases during the period/year	10,471,366	4,469,629
Disposals during the period/year	(70,796,533)	(32,236,104)
Net increase in fair value	7,000,009	11,921,284
Reclassification of financial assets	2,226,000	-
Allowances for impairment	-	(44,144)
Fair value at the end of the period/year	229,760,744	280,859,902

Investments at FVTOCI comprise the following:

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Within U.A.E.	143,498,620	168,672,029
Outside U.A.E.	86,262,124	112,187,873
	229,760,744	280,859,902

6 Financial assets (Continued)

Mutual funds comprise investment in local and international funds which are administered by financial institutions domiciled in U.A.E.

The cumulative changes in fair value of financial investments carried at FVTOCI amounting to AED 98 million (31 December 2023: AED 91.8 million) is shown under equity.

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Financial assets measured at FVTPL		
Fair value at the beginning of the period/year	52,816,596	19,222,792
Purchases during the period/year	88,878,762	93,870,555
Disposals during the period/year	(81,249,512)	(56,702,175)
Reclassification of financial assets	(2,226,000)	-
Net increase/ (decrease) in fair value	498,588	(3,574,576)
Fair value at the end of the period/year	58,718,434	52,816,596

All financial investments at FVTPL are held in U.A.E.

7 Statutory deposits

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Statutory deposit maintained in accordance with Article 38 of U.A.E., Federal Law No. (48) of 2023	10,000,000	10,000,000

Statutory deposits held with local banks in U.A.E. represent deposit held under a lien in favour of the Ministry of Economy and Planning in accordance with Article 28 of the Federal Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and Organisation of its Operations relating to insurance companies and brokers. This deposit cannot be withdrawn without prior approval of the CBUAE and bears an interest rate of 4.2% per annum (31 December 2023: 4.2% per annum).

8 Insurance and reinsurance contracts

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

	30 September 2024 (Unaudited)			31 December 2023 (Audited)		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	AED	AED	AED	AED	AED	AED
Insurance contracts issued						
Life and medical	-	80,408,890	80,408,890	-	32,994,593	32,994,593
General	-	159,363,513	159,363,513	-	101,123,940	101,123,940
Motor	-	221,223,771	221,223,771	-	193,231,062	193,231,062
Total insurance contracts issued	-	460,996,174	460,996,174	-	327,349,595	327,349,595
Reinsurance contracts held						
Life and medical	31,617,382	-	31,617,382	13,754,259	-	13,754,259
General	122,902,320	-	122,902,320	87,740,962	-	87,740,962
Motor	25,571,558	-	25,571,558	4,560,678	-	4,560,678
Total reinsurance contracts held	180,091,260	-	180,091,260	106,055,899	-	106,055,899

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

The Company disaggregates information to provide disclosure in respect of major product lines separately: Life and medical, General and motor. This disaggregation has been determined based on how the Company is managed.

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 on the next page:

8 Insurance and reinsurance contracts (continued)

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

2024	Life and Medical				General				Motor				
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Insurance contract liabilities as at 1 January	8,208,372	-	24,460,193	326,028	43,689,894	49,110	54,423,709	2,961,227	95,425,201	-	93,997,226	3,808,635	327,349,595
Insurance revenue	(70,033,748)	-	-	-	(60,322,066)	-	-	-	(160,657,447)	-	-	-	(291,013,261)
Insurance service expenses	5,621,869	-	59,732,060	245,726	1,467,931	(49,110)	74,874,875	2,400,585	835,229	-	182,090,648	(190,501)	327,029,312
Incurred claims and other expenses	-	-	38,829,471	357,710	-	(44,962)	76,765,797	4,077,941	-	-	90,809,049	1,788,646	212,583,652
Amortisation of insurance acquisition cash flows	5,621,869		-	-	1,467,931	-	-	-	835,229		-	-	7,925,029
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	(4,148)	-	-	-	-	-	-	(4,148)
Changes to liabilities for incurred claims	-	-	20,902,589	(111,984)	-	-	(1,890,922)	(1,677,356)	-		91,281,599	(1,979,147)	106,524,779
Insurance service result	(64,411,879)	-	59,732,060	245,726	(58,854,135)	(49,110)	74,874,875	2,400,585	(159,822,218)	-	182,090,648	(190,501)	36,016,051
Insurance finance expenses	-	-	855,005	-	-	-	1,906,493	-	-	-	4,045,741	-	6,807,239
Total changes in the statement of comprehensive (loss)/ income	(64,411,879)	-	60,587,065	245,726	(58,854,135)	(49,110)	76,781,368	2,400,585	(159,822,218)	-	186,136,389	(190,501)	42,823,290
Cash flows													
Premiums received	110,501,289	-	-	-	74,095,707	-	-	-	196,361,631	-	-	-	380,958,627
Claims and other expenses paid	-	-	(53,370,413)	-	-	-	(35,310,691)	-	-	-	(192,272,393)	-	(280,953,497)
Insurance acquisition cash flows	(6,137,491)	-	-	-	(824,151)	-		-	(2,220,199)	-	-	-	(9,181,841)
Total cash flows	104,363,798	-	(53,370,413)	-	73,271,556	-	(35,310,691)	-	194,141,432	-	(192,272,393)	-	90,823,289
Net insurance contract liabilities as at 30 September 2024	48,160,291	-	31,676,845	571,754	58,107,315	-	95,894,386	5,361,812	129,744,415	-	87,861,222	3,618,134	460,996,174

8 Insurance and reinsurance contracts (continued)

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

2023	Life and Medical				General				Motor				
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component (Audited)	Loss component (Audited)	Estimates of the present value of future cash flows (Audited)	Risk adjustment (Audited)	Excluding loss component (Audited)	Loss component (Audited)	Estimates of the present value of future cash flows (Audited)	Risk adjustment (Audited)	Excluding loss component (Audited)	Loss component (Audited)	Estimates of the present value of future cash flows (Audited)	Risk adjustment (Audited)	Total (Audited)
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Insurance contract liabilities as at 1 January	1,052,925	-	17,644,015	206,940	3,562,815	38,415	67,990,762	2,576,931	60,880,058	497,956	87,484,846	2,340,829	244,276,492
Insurance revenue	(60,154,637)	-	-	-	(62,140,843)	-	-	-	(159,888,109)	-	-	-	(282,183,589)
Insurance service expenses	2,637,005	-	61,933,889	119,088	3,458,557	10,695	24,543,667	384,296	(734,815)	(497,956)	168,438,992	1,467,806	261,761,224
Incurred claims and other expenses	-	(3,611,840)	46,027,404	179,073	-	(178,920)	39,671,743	1,730,591	-	(9,950,403)	131,479,093	2,248,509	207,595,250
Amortisation of insurance acquisition cash flows	2,637,005	-	-	-	3,458,557	-	-	-	(734,815)	-	-	-	5,360,747
Losses on onerous contracts and reversals of those losses	-	3,611,840	-	-	-	189,615	-	-	-	9,452,447	-	-	13,253,902
Changes to liabilities for incurred claims	-	-	15,906,485	(59,985)	-	-	(15,128,076)	(1,346,295)	-	-	36,959,899	(780,703)	35,551,325
Insurance service result	(57,517,632)	-	61,933,889	119,088	(58,682,286)	10,695	24,543,667	384,296	(160,622,924)	(497,956)	168,438,992	1,467,806	(20,422,365)
Insurance finance expenses	-	-	(426,415)	-	-	-	(818,219)	-	-	-	(2,083,592)	-	(3,328,226)
Total changes in the statement of comprehensive (loss)/ income	(57,517,632)	-	61,507,474	119,088	(58,682,286)	10,695	23,725,448	384,296	(160,622,924)	(497,956)	166,355,400	1,467,806	(23,750,591)
Cash flows													
Premiums received	66,235,964	-	-	-	101,558,809	-	-	-	195,066,674	-	-	-	362,861,447
Claims and other expenses paid	-	-	(54,691,296)	-	-	-	(37,292,501)	-	-	-	(159,843,020)	-	(251,826,817)
Insurance acquisition cash flows	(1,562,885)	-	-	-	(2,749,444)	-	-	-	101,393	-	-	-	(4,210,936)
Total cash flows	64,673,079	-	(54,691,296)	-	98,809,365	-	(37,292,501)	-	195,168,067	-	(159,843,020)	-	106,823,694
Net insurance contract liabilities as at 31 December 2023	8,208,372	-	24,460,193	326,028	43,689,894	49,110	54,423,709	2,961,227	95,425,201	-	93,997,226	3,808,635	327,349,595

8 Insurance and reinsurance contracts (continued)

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

2024	Life and Medical				General				Motor				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		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	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Reinsurance contract assets as at 1 January	13,248,637	-	-	-	-	-	-	-	7,028,054	-	-	-	20,276,691
Reinsurance contract liabilities as at 1 January	22,780,184	-	(49,014,703)	(768,377)	(23,327,546)	-	(60,570,449)	(3,842,967)	-	-	(11,064,722)	(524,010)	(126,332,590)
Net reinsurance contract (assets)/ liabilities as at 1 January	36,028,821	-	(49,014,703)	(768,377)	(23,327,546)	-	(60,570,449)	(3,842,967)	7,028,054	-	(11,064,722)	(524,010)	(106,055,899)
An allocation of reinsurance premiums	37,172,747	-	-	-	40,920,797	-	-	-	7,138,653	-	-	-	85,232,197
Amounts recoverable from reinsurers for incurred claims	-	-	(33,843,129)	(715,193)	-	-	(62,977,995)	(3,156,812)	-	-	(25,843,996)	(1,060,191)	(127,597,316)
Amounts recoverable for incurred claims and other expenses	-	-	(22,825,925)	(458,715)	-	-	(66,826,818)	(4,140,744)	-	-	(10,176,857)	(421,824)	(104,850,883)
Changes to amounts recoverable for incurred claims		-	(11,017,204)	(256,478)	-	-	3,848,823	983,932	-	-	(15,667,139)	(638,367)	(22,746,433)
Net income or expense from reinsurance contracts held	37,172,747	-	(33,843,129)	(715,193)	40,920,797	-	(62,977,995)	(3,156,812)	7,138,653	-	(25,843,996)	(1,060,191)	(42,365,119)
Reinsurance finance income		-	(1,923,171)	-	-	-	(2,127,354)	-	-	-	(366,229)	-	(4,416,754)
Total changes in the statement of comprehensive income	37,172,747	-	(35,766,300)	(715,193)	40,920,797	-	(65,105,349)	(3,156,812)	7,138,653	-	(26,210,225)	(1,060,191)	(46,781,873)
Cash flows													
Premiums paid	(24,381,839)	-	-	-	(22,107,352)	-	-	-	(879,115)	-	-	-	(47,368,306)
Amounts received	-	-	5,827,461	-	2,085,154	-	12,202,203	-					20,114,818
Total cash flows	(24,381,839)	-	5,827,461	-	(20,022,198)	-	12,202,203	-	(879,115)	-	-	-	(27,253,488)
Net reinsurance contract (assets)/ liabilities as at 30 September	48,819,729	-	(78,953,542)	(1,483,570)	(2,428,947)	-	(113,473,595)	(6,999,779)	13,287,592	-	(37,274,947)	(1,584,201)	(180,091,260)
Reinsurance contract Liabilities as at 30 September 2024	48,819,729				7,420,959	-			13,287,590	-	-		69,528,278
Reinsurance contract assets as at 30 September 2024	-	-	(78,953,540)	(1,483,571)	(9,849,906)	-	(113,473,594)	(6,999,779)	-	-	(37,274,947)	(1,584,201)	(249,619,538)
Net reinsurance contract (assets)/ liabilities as at 30 September 2024	48,819,729	-	(78,953,540)	(1,483,571)	(2,428,947)	-	(113,473,594)	(6,999,779)	13,287,590	-	(37,274,947)	(1,584,201)	(180,091,260)

8 Insurance and reinsurance contracts (continued)

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

2023	Life and Medical				General				Motor				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	Excluding loss recovery component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	Excluding loss recovery component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	Total Unaudited AED
Reinsurance contract liabilities as at 1 January	-	-	(26,861,537)	(238,966)	-	-	(64,993,196)	(2,338,505)	-	-	(10,091,743)	(319,819)	(104,843,766)
Reinsurance contract assets as at 1 January	23,255,025	-	-	-	5,453,657	-	-	-	1,835,485	-	-	-	30,544,167
Net reinsurance contract (assets)/ liabilities as at 1 January	23,255,025	-	(26,861,537)	(238,966)	5,453,657	-	(64,993,196)	(2,338,505)	1,835,485	-	(10,091,743)	(319,819)	(74,299,599)
An allocation of reinsurance premiums	23,509,245	-	-	-	42,500,524	-	-	-	5,061,101	-	-	-	71,070,870
Amounts recoverable from reinsurers for incurred claims	-	-	(27,554,554)	(529,411)	-	-	(11,571,806)	(1,504,462)	-	-	(1,486,667)	(204,191)	(42,851,091)
Amounts recoverable for incurred claims and other expenses	-	-	(21,848,781)	(298,231)	-	-	(28,811,651)	(1,746,247)	-	-	(1,214,165)	(55,428)	(53,974,503)
Changes to amounts recoverable for incurred claims	-	-	(5,705,773)	(231,180)	-	-	17,239,845	241,785	-	-	(272,502)	(148,763)	11,123,412
Net income or expense from reinsurance contracts held	23,509,245		(27,554,554)	(529,411)	42,500,524	-	(11,571,806)	(1,504,462)	5,061,101	-	(1,486,667)	(204,191)	28,219,779
Reinsurance finance income	-	-	1,765,119	-	-	-	1,456,304	-	-	-	513,688	-	3,735,111
Total changes in the statement of comprehensive income	23,509,245	-	(25,789,435)	(529,411)	42,500,524	-	(10,115,502)	(1,504,462)	5,061,101	-	(972,979)	(204,191)	31,954,890
Cash flows													
Premiums paid	(10,735,449)	-	-	-	(74,864,353)	-	-	-	131,468	-	-	-	(85,468,334)
Amounts received		-	3,636,269	-	3,582,626	-	14,538,249	-	-	-	-	-	21,757,144
Total cash flows	(10,735,449)	-	3,636,269	-	(71,281,727)	-	14,538,249	-	131,468	-	-	-	(63,711,190)
Net reinsurance contract (assets)/ liabilities as at 31 December 2023	36,028,821	-	(49,014,703)	(768,377)	(23,327,546)	-	(60,570,449)	(3,842,967)	7,028,054	-	(11,064,722)	(524,010)	(106,055,899)
Reinsurance contract Liabilities as at 31 December 2023	36,028,821	-	-	-	-	-	-	-	7,028,054	-	-	-	43,056,875
Reinsurance contract assets as at 31 December 2023	-	-	(49,014,703)	(768,377)	(23,327,546)	-	(60,570,449)	(3,842,967)	-	-	(11,064,722)	(524,010)	(149,112,774)
Net reinsurance contract (assets)/ liabilities as at 31 December 2023	36,028,821	-	(49,014,703)	(768,377)	(23,327,546)	-	(60,570,449)	(3,842,967)	7,028,054	-	(11,064,722)	(524,010)	(106,055,899)

9 Deferred taxation

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Deferred tax arising in respect of:		
Recognised in profit or loss:		
Net fair value gain on investments designated at FVTPL	44,873	-
Recognised in OCI:		
Net fair value gain on debt investments designated at FVTOCI	73,061	-
Net fair value gain on equity investments designated at FVTOCI	491,794	-
	564,855	-
	609,728	-

Deferred taxes arising from temporary differences are summarized as follows:

	Net balance at 1 January 2024	Recognised in profit or loss	Recognised in other comprehensive income	Net balance at 30 September 2024
Financial assets	-	44,873	564,855	609,728

10 Tax expense

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Condensed interim statement of profit or loss:		
Current tax	873,361	-
Relationship between accounting profit and tax profit is as follows:		
Profit for the period before tax	16,834,363	-
Other comprehensive income for the period before tax	6,896,701	-
Total comprehensive income for the year before tax	23,731,064	-
Exempt income	(7,447,807)	-
Unrealised gain	(6,774,756)	-
Non-deductible expenses	71,920	-
Taxable income	9,580,421	-
Less: Basic exemption	(375,000)	-
Tax applicable profit	9,205,421	-
Tax at the applicable rate of 9%	828,488	-
Fair value gain recognised as part of investment income	44,873	-
Tax expense for the period	873,361	-

11 Cash and cash equivalents

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Bank balances:		
Current and call accounts	64,773,510	24,660,775
Fixed deposit	125,781,831	69,626,486
Cash in hand	1,441,129	637,989
	191,996,470	94,925,250
Allowance for impairment	(160,976)	(160,976)
	191,835,494	94,764,274

Bank balances are maintained with banks within United Arab Emirates.

Cash and bank balances include short term deposits (3-12 months) with local banks carrying interest ranging from 3% to 6% per annum (2023: 3% to 6% per annum).

Fixed deposits amounting to AED12.32 million (2023: AED 7 million) are under lien in respect of bank guarantees.

For the purposes of statement of cash flows, cash and cash equivalents include cash on hand and in bank net of fixed deposits with maturity over three months from date of placement. Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	(Unaudited) 30 September 2024 AED	(Unaudited) 30 September 2023 AED
Bank balances and cash	191,835,494	115,545,249
Deposit under lien	(12,315,000)	(7,000,000)
Fixed deposits with maturity over three months	(98,466,833)	(37,626,486)
	81,053,661	70,918,763

12 Share capital

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Authorised, issued and fully paid:		
1,331,000 ordinary shares of AED 100 each	133,100,000	133,100,000

13 Basic and diluted earnings/ (loss) per share

	For the three-month period ended 30 September (Unaudited)		For the nine-month period ended 30 September (Unaudited)	
	2024	2023	2024	2023
Profit/ (loss) for the period after tax	2,375,128	100,834	15,961,002	(13,417,099)
Number of shares	1,331,000	1,331,000	1,331,000	1,331,000
Basic and diluted earnings/ (loss) per share (in AED)	1.78	0.08	11.99	(10.08)

13 Basic and diluted earnings/ (loss) per share (Continued)

Basic earnings/ (loss) per share is calculated by dividing the profit/ (loss) after tax for the period by the number of weighted average shares outstanding during the reporting period. Diluted profit/ (loss) per share is equivalent to basic profit/ (loss) per share as the Company did not issue any new instrument that would impact loss per share when executed.

14 Insurance service expenses

For the nine-month period ended 30 September 2024	Life and medical AED (Unaudited)	General AED (Unaudited)	Motor AED (Unaudited)	Total AED (Unaudited)
Incurred claims and other expenses	39,187,181	80,798,776	92,597,695	212,583,652
Amortisation of insurance acquisition cash flows	5,621,869	1,467,931	835,230	7,925,030
Losses on onerous contracts and reversals of those losses	-	(4,148)	-	(4,148)
Changes to liabilities for incurred claims	20,790,605	(3,568,278)	89,302,451	106,524,778
	65,599,655	78,694,281	182,735,376	327,029,312
For the nine-month period ended 30 September 2023				
Incurred claims and other expenses	31,559,220	38,139,022	94,601,764	164,300,006
Amortisation of insurance acquisition cash flows	1,867,549	2,748,221	(768,760)	3,847,010
Losses on onerous contracts and reversals of those losses	-	-	11,618,884	11,618,884
Changes to liabilities for incurred claims	11,616,646	(10,762,028)	25,111,797	25,966,415
	45,043,415	30,125,215	130,563,685	205,732,315
For the three-month period ended 30 September 2024				
Incurred claims and other expenses	19,925,688	18,573,136	34,098,590	72,597,414
Amortisation of insurance acquisition cash flows	3,161,116	720,172	442,743	4,324,031
Losses on onerous contracts and reversals of those losses	-	8,720	-	8,720
Changes to liabilities for incurred claims	5,893,587	1,984,322	22,771,507	30,649,416
	28,980,391	21,286,350	57,312,840	107,579,581

14 Insurance service expenses (Continued)

For the three-month period ended 30 September 2023	Life and medical AED (Unaudited)	General AED (Unaudited)	Motor AED (Unaudited)	Total AED (Unaudited)
Incurred claims and other expenses	10,404,749	23,258,407	26,620,653	60,283,809
Amortisation of insurance acquisition cash flows	1,160,336	1,980,882	(1,031,207)	2,110,011
Losses on onerous contracts and reversals of those losses	-	(4,667,410)	5,045,797	378,387
Changes to liabilities for incurred claims	5,375,290	1,217,198	22,077,203	28,669,691
	16,940,375	21,789,077	52,712,446	91,441,898

15 Segment information

The Company is organised into two segments: Life and Medical as one segment and Motor and General as the other segment.

These segments are the basis on which the Company reports its primary segment information to the Chief Executive Officer. Gross written premiums represent the total income arising from insurance contracts. The Company does not conduct any business outside the U.A.E. There are no transactions between the business segments.

The analysis on the next page shows Company's condensed interim statement of profit or loss classified by major segments:

For the nine-month period ended 30 September 2024 (Unaudited)	Life and medical AED	Motor and general AED	Total AED
Insurance revenue	70,033,748	220,979,513	291,013,261
Insurance service expenses	(65,599,655)	(261,429,657)	(327,029,312)
Insurance service results before reinsurance contracts held	4,434,093	(40,450,144)	(36,016,051)
Allocation of reinsurance premiums	(37,172,747)	(48,059,450)	(85,232,197)
Amounts recoverable from reinsurance for incurred claims	34,558,324	93,038,992	127,597,316
Net expenses from reinsurance contracts held	(2,614,423)	44,979,542	42,365,119
Net reinsurance finance expense for reinsurance contracts held	1,068,165	(3,458,651)	(2,390,486)
Insurance service results	2,887,835	1,070,747	3,958,582
Investment and other income	-	22,630,047	22,630,047
Other operating expenses	(1,130,387)	(8,623,879)	(9,754,266)
Profit for the period before tax	1,757,448	15,076,915	16,834,363

15 Segment information (continued)

For the nine-month period ended 30 September 2023 (Unaudited)	Life and medical AED	Motor and general AED	Total AED
Insurance revenue	42,770,420	158,539,644	201,310,064
Insurance service expenses	(45,043,415)	(160,688,900)	(205,732,315)
Insurance service results before reinsurance contracts held	(2,272,995)	(2,149,256)	(4,422,251)
Allocation of reinsurance premiums	(15,641,138)	(32,824,123)	(48,465,261)
Amounts recoverable from reinsurance for incurred claims	19,568,430	22,314,071	41,882,501
Net expenses from reinsurance contracts held	3,927,292	(10,510,052)	(6,582,760)
Net reinsurance finance expense for reinsurance contracts held	(1,386,382)	808,442	(577,940)
Insurance service results	267,915	(11,850,866)	(11,582,951)
Investment and other income	-	9,703,367	9,703,367
Other operating expenses	(932,685)	(10,604,830)	(11,537,515)
Loss for the period	(664,770)	(12,752,329)	(13,417,099)

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

	As at 30 September 2024 (Unaudited)		
	Life and medical AED	Motor and general AED	Total AED
Total assets	69,152,872	777,038,504	846,191,376
Total equity	(2,231,222)	326,090,954	323,859,732
Total liabilities	71,384,094	450,947,550	522,331,644

	As at 31 December 2023 (Audited)		
	Life and Medical AED	Motor and General AED	Total AED
Total assets	37,510,470	633,321,954	670,832,424
Total equity	(1,208,538)	302,775,422	301,566,884
Total liabilities	38,719,008	330,546,532	369,265,540

16 Related party balances and transactions

Related parties include the Company's major shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

All related party transactions are carried out on terms approved by the management.

16 Related party balances and transactions (continued)

Amounts due from related parties

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Related parties due to common directorship		
Fujairah National Group of Companies	8,898,715	4,260,236

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

	For the nine-month period ended 30 September (Unaudited)	
	2024 AED	2023 AED
Insurance revenue	38,566,498	3,098,066
Insurance service expenses	51,411,865	4,561,356
Deposits placed with National Bank of Fujairah	60,071,278	39,111,249

Compensation of key management personnel:

	For the nine-month period ended 30 September (Unaudited)	
	2024 AED	2023 AED
Key management staff:		
Short-term benefits	6,463,279	6,807,076
Long-term benefits	1,442,065	403,395
Provision for BOD remuneration	1,500,000	-

17 Commitments and contingent liabilities

	(Unaudited) 30 September 2024 AED	(Audited) 31 December 2023 AED
Letters of guarantee	20,703,000	22,125,674

The above guarantees were issued in the normal course of business.

18 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

18 Fair value measurements (Continued)

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The table on the next page provides an analysis of 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).

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

	Fair value as at					
Financial assets	30 September 2024 (Unaudited) AED	31 December 2023 (Audited) AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
FVTOCI:						
Quoted equity investments – FVTOCI	122,137,723	133,184,511	Level 1	Quoted bid prices in an active market.	None	NA
Mutual funds	55,946,132	94,434,301	Level 3	Adjusted net assets valuation method after adjusting for certain components in financial information of underlying companies.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Unquoted equity investments – FVTOCI	49,534,708	51,193,364	Level 3	Adjusted net assets valuation method after adjusting for certain components in financial information of underlying companies.	Net assets value	Higher the net assets value of the investees, higher the fair value.

18 Fair value measurements (Continued)

Financial assets	Fair value as at 30 September 2024 (Unaudited) AED	Fair value as at 31 December 2023 (Audited) AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments – FVTPL	58,718,434	52,816,596	Level 1	Quoted bid prices in an active market.	None	NA
Quoted debt securities – FVTOCI	2,186,325	2,091,870	Level 1	Quoted bid prices in an active market.	None	NA
Quoted debt securities – Amortized cost	39,033,765	-	Level 1	Quoted bid prices in an active market.	None	NA

There were no transfers between levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

19 Capital risk management

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

	(Unaudited) 30 September 2024 AED'000	(Audited) 31 December 2023 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Basic Solvency Capital Required (BSCR)		
Underwriting Risk - Property and Liability Insurance	34,247	28,458
Underwriting Risk - Life Insurance	672	525
Underwriting Risk - Health Insurance	8,595	2,380
Investment Risk	87,564	100,387
Credit Risk	22,457	18,905
Basic Solvency Capital Required (BSCR)	108,093	113,629
Operational Risk	21,849	14,163
Solvency Capital Requirement (SCR)	129,941	127,792
Minimum Guarantee Fund (MGF)	71,865	59,891
Basic Own Funds	187,930	191,230
MCR Solvency Margin - Surplus	87,930	91,230
SCR Solvency Margin - Surplus	57,989	63,438
MGF Solvency Margin - Surplus	116,065	131,339
Solvency Ratio (Basic Own Funds/ MGF)	262%	319%
Solvency Ratio (Basic Own Funds/ MCR)	188%	191%
Solvency Ratio (Basic Own Funds/ SCR)	145%	150%

20 Subsequent events

There have been no material 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 nine-month period ended 30 September 2024.

21 Approval of the condensed interim financial information

The condensed interim financial information was approved by the Board of Directors and authorised for issue on 13 November 2024.