

**Al Buhaira National Insurance Company P.S.C.  
and its Subsidiary**

**Condensed consolidated interim financial  
information (Unaudited)  
For the six months period ended 30 June 2023**

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

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## **Independent Auditors' Report on review of the condensed consolidated interim financial information**

**To the Board of Directors of Al Buhaira National Insurance Company P.S.C. and its Subsidiary**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Al Buhaira National Insurance Company P.S.C. (the "Company") and its subsidiary (the "Group") as at 30 June 2023 and the related condensed consolidated interim statement of income, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six months period then ended and explanatory notes.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated 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 consolidated 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 consolidated interim financial information are not prepared, in all material respects, in accordance with IAS 34.



**GRANT THORNTON**  
**Dr. Osama El Bakry**  
**Registration No: 935**  
**Sharjah, United Arab Emirates**  
**14 August 2023**



**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Condensed consolidated interim statement of financial position**  
**As at 30 June 2023**

		(Unaudited) 30 June 2023 AED	Restated (Unaudited) 31 December 2022 AED	Restated (Unaudited) 1 January 2022 AED
	Notes			
<b>ASSETS</b>				
Property and equipment	4	14,022,895	15,763,328	10,781,690
Investment properties	5	842,562,500	842,562,500	836,553,000
Investments in securities at FVTOCI	6	60,200,578	58,259,180	26,852,264
Statutory deposit	7	10,000,000	10,000,000	10,000,000
Reinsurance contract assets	8	178,129,986	192,901,363	148,020,709
Bank balances and cash	9	267,412,678	311,829,775	337,895,458
Other receivables	10	44,035,479	36,060,769	27,985,701
<b>TOTAL ASSETS</b>		<b>1,416,364,116</b>	<b>1,467,376,915</b>	<b>1,398,088,822</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	11	250,000,000	250,000,000	250,000,000
Statutory reserve		122,126,377	122,126,377	122,126,377
Voluntary reserve		200,000,000	200,000,000	200,000,000
Reinsurance reserve		13,693,513	10,216,524	6,816,786
Cumulative changes in fair value		(15,055,632)	(16,663,453)	(15,352,299)
Retained earnings		23,315,337	62,383,811	123,006,493
<b>Total Equity</b>		<b>594,079,595</b>	<b>628,063,259</b>	<b>686,597,357</b>
<b>Liabilities</b>				
Provision for employees' end of service benefit		46,581,759	41,822,684	39,787,312
Bank borrowings	12	251,538,344	221,131,707	256,657,986
Lease liabilities	19	7,150,932	9,281,797	5,237,612
Insurance contract liabilities	8	486,590,796	528,297,381	370,923,961
Other payables		30,422,690	38,780,087	38,884,594
<b>Total liabilities</b>		<b>822,284,521</b>	<b>839,313,656</b>	<b>711,491,465</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,416,364,116</b>	<b>1,467,376,915</b>	<b>1,398,088,822</b>

Managing Director  
 Sheikh Khaled Abdulla Sultan Al Qasimi



The accompanying notes from 1 to 28 form an integral part of these condensed consolidated interim financial information.

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Condensed consolidated interim statement of income**  
**For the six months period ended 30 June 2023**

	Notes	(Unaudited) Three months period ended 30 June 2023 AED	Restated (Unaudited) Three months period ended 30 June 2022 AED	(Unaudited) Six months period ended 30 June 2023 AED	Restated (Unaudited) Six months period ended 30 June 2022 AED
Insurance revenue	14	303,727,551	232,194,560	566,668,982	460,653,136
Insurance service expenses	15	(301,145,628)	(213,634,211)	(581,452,895)	(455,036,112)
<b>Insurance service result before reinsurance contracts held</b>		<b>2,581,923</b>	<b>18,560,349</b>	<b>(14,783,913)</b>	<b>5,617,024</b>
Allocation of reinsurance premiums	16	(211,630,878)	(167,746,242)	(404,056,797)	(330,908,662)
Amounts recoverable from reinsurance for incurred claims	16	187,964,650	155,346,600	381,044,758	346,365,370
<b>Net (expense)/ income from reinsurance contracts held</b>		<b>(23,666,228)</b>	<b>(12,399,642)</b>	<b>(23,012,039)</b>	<b>15,456,708</b>
<b>Insurance service result</b>		<b>(21,084,305)</b>	<b>6,160,707</b>	<b>(37,795,952)</b>	<b>21,073,732</b>
<b>Investment and other income</b>		<b>11,185,368</b>	<b>7,201,131</b>	<b>19,644,126</b>	<b>14,290,866</b>
Insurance finance (expense)/ income for insurance contracts issued	17	(5,684,133)	(1,075,908)	(16,743,150)	1,193,183
Reinsurance finance income/ (expense) for reinsurance contracts held	17	3,243,806	581,217	10,118,834	(352,438)
<b>Net insurance financial result</b>		<b>(2,440,327)</b>	<b>(494,691)</b>	<b>(6,624,316)</b>	<b>840,745</b>
<b>Net insurance and investment results</b>		<b>(12,339,264)</b>	<b>12,867,147</b>	<b>(24,776,142)</b>	<b>36,205,343</b>
General and administrative expenses		(1,458,550)	(1,557,517)	(3,205,270)	(3,581,270)
Finance costs		(4,066,553)	(2,518,623)	(7,718,524)	(4,999,537)
Finance costs – lease		(78,655)	(555,572)	(167,947)	(1,163,615)
<b>(Loss)/ profit for the period</b>		<b>(17,943,022)</b>	<b>8,235,435</b>	<b>(35,867,883)</b>	<b>26,460,921</b>
<b>Basic and diluted (loss)/ earning per share</b>	13	<b>(0.07)</b>	<b>0.03</b>	<b>(0.14)</b>	<b>0.11</b>

The accompanying notes from 1 to 28 form an integral part of these condensed consolidated interim financial information.

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Condensed consolidated interim statement of comprehensive income**  
**For the six months period ended 30 June 2023**

	(Unaudited) Three months period ended 30 June 2023 AED	Restated (Unaudited) Three months period ended 30 June 2022 AED	(Unaudited) Six months period ended 30 June 2023 AED	Restated (Unaudited) Six months period ended 30 June 2022 AED
(Loss)/ profit for the period	<u>(17,943,022)</u>	<u>8,235,435</u>	<u>(35,867,883)</u>	<u>26,460,921</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in fair value of investments carried at FVTOCI	1,160,702	(453,823)	1,607,821	2,934,991
Gain on sale of investments carried at FVTOCI	<u>-</u>	<u>-</u>	<u>276,398</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>1,160,702</u>	<u>(453,823)</u>	<u>1,884,219</u>	<u>2,934,991</u>
<b>Total comprehensive (loss)/ income for the period</b>	<u>(16,782,320)</u>	<u>7,781,612</u>	<u>(33,983,664)</u>	<u>29,395,912</u>

The accompanying notes from 1 to 28 form an integral part of these condensed consolidated interim financial information.

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Condensed consolidated interim statement of changes in equity**  
**For the six months period ended 30 June 2023**

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Reinsurance reserve AED	Cumulative changes in fair value AED	Retained earnings AED	Total AED
Balance at 1 January 2022, as previously reported	250,000,000	122,126,377	200,000,000	6,816,786	(15,352,299)	117,316,644	680,907,508
Adjustment on initial application of IFRS 17	-	-	-	-	-	5,689,849	5,689,849
Restated balance at 1 January 2022	250,000,000	122,126,377	200,000,000	6,816,786	(15,352,299)	123,006,493	686,597,357
Profit for the period (Restated)	-	-	-	-	-	26,460,921	26,460,921
Other comprehensive income for the period	-	-	-	-	2,934,991	-	2,934,991
Total comprehensive income for the period	-	-	-	-	2,934,991	26,460,921	29,395,912
Transfer to reinsurance reserve	-	-	-	2,698,367	-	(2,698,367)	-
Dividend (note 26)	-	-	-	-	-	(25,000,000)	(25,000,000)
Balance as at 30 June 2022 (Unaudited)	250,000,000	122,126,377	200,000,000	9,515,153	(12,417,308)	121,769,047	690,993,269
<b>Balance at 1 January 2023, as previously reported</b>	<b>250,000,000</b>	<b>122,126,377</b>	<b>200,000,000</b>	<b>10,216,524</b>	<b>(16,663,453)</b>	<b>56,072,936</b>	<b>621,752,384</b>
Adjustment on initial application of IFRS 17	-	-	-	-	-	6,310,875	6,310,875
Restated balance as at 1 January 2023	250,000,000	122,126,377	200,000,000	10,216,524	(16,663,453)	62,383,811	628,063,259
Loss for the period	-	-	-	-	-	(35,867,883)	(35,867,883)
Other comprehensive income for the period	-	-	-	-	1,884,219	-	1,884,219
Total comprehensive loss for the period	-	-	-	-	1,884,219	(35,867,883)	(33,983,664)
Transfer to reinsurance reserve	-	-	-	3,476,989	-	(3,476,989)	-
Transfer to retained earnings on sale of investments at FVTOCI	-	-	-	-	(276,398)	276,398	-
<b>Balance as at 30 June 2023 (Unaudited)</b>	<b>250,000,000</b>	<b>122,126,377</b>	<b>200,000,000</b>	<b>13,693,513</b>	<b>(15,055,632)</b>	<b>23,315,337</b>	<b>594,079,595</b>

The accompanying notes from 1 to 28 form an integral part of these condensed consolidated interim financial information.

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Condensed consolidated interim statement of cash flows**  
**For the six months period ended 30 June 2023**

	Notes	(Unaudited) Six months period ended 30 June 2023 AED	Restated (Unaudited) Six months period ended 30 June 2022 AED
<b>Cash flows from operating activities</b>			
(Loss)/ profit for the period		(35,867,883)	26,460,921
Adjustments for:			
Depreciation of property and equipment	4	2,373,986	1,370,370
Interest income on deposits		(5,414,563)	(3,617,233)
Dividend income	22	(2,739,195)	(1,081,348)
Net rental income from investment properties		(11,362,474)	(9,475,536)
Gain on disposal of property and equipment	4	-	(105,000)
Provision for employees' end of service indemnity		5,038,066	1,782,878
Finance costs		7,886,471	6,163,152
Other income		(127,895)	(11,749)
Board of Directors' remuneration		-	1,050,000
<b>Operating cash flows before changes in working capital</b>		<b>(40,213,487)</b>	<b>22,536,455</b>
<b>Change in working capital</b>			
Reinsurance contract assets		14,771,377	3,389,583
Other receivables		(7,974,710)	(6,289,510)
Insurance contract liabilities		(41,706,585)	(16,604,763)
Other payables		(8,357,397)	(3,243,248)
<b>Cash used in operating activities</b>		<b>(83,480,802)</b>	<b>(211,483)</b>
Employees' end of service benefits paid		(278,991)	(481,489)
Board of Directors' remuneration		-	(1,050,000)
<b>Net cash used in operating activities</b>		<b>(83,759,793)</b>	<b>(1,742,972)</b>
<b>Cash flows from investing activities</b>			
Movement in fixed deposits		30,460,996	69,696,424
Movement in margin deposits		-	216,000
Purchase of investments in securities at FVTOCI		(3,089,749)	(19,454,247)
Purchase of property and equipment	4	(633,553)	(810,149)
Proceeds from sale of investments at FVTOCI		3,032,570	-
Proceeds from sale of property and equipment	4	-	105,000
Interest received		5,414,563	3,617,233
Dividends received		2,739,195	1,081,348
Net rental income from investment properties		11,362,474	9,475,536
Other income		127,895	11,749
<b>Net cash generated from investing activities</b>		<b>49,414,391</b>	<b>63,938,894</b>
<b>Cash flows from financing activities</b>			
Dividend paid		-	(25,000,000)
Bank borrowings – net		30,406,637	(11,238,297)
Finance costs paid		(7,718,524)	(4,999,537)
Lease payments		(2,298,812)	(2,053,450)
<b>Net cash generated from / (used in) financing activities</b>		<b>20,389,301</b>	<b>(43,291,284)</b>
<b>Net change in cash and cash equivalents</b>		<b>(13,956,101)</b>	<b>18,904,638</b>
Cash and cash equivalents at the beginning of the period		42,338,969	39,052,732
<b>Cash and cash equivalents at the end of the period</b>	18	<b>28,382,868</b>	<b>57,957,370</b>

The accompanying notes from 1 to 28 form an integral part of these condensed consolidated interim financial information.

# **Al Buhaira National Insurance Company P.S.C. and its Subsidiary**

## **Condensed consolidated interim financial information (Unaudited)**

### **Notes to the condensed consolidated interim financial information**

#### **For the six months period ended 30 June 2023**

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#### **1. General information**

Al Buhaira National Insurance Company P.S.C (the “Company”) is incorporated as a public shareholding company by an Emiri Decree issued by His Highness, The Ruler of Sharjah on 16 May 1978. The company is subject to the regulations of UAE Federal Law No. 6 of 2007, concerning the formation of Insurance Authority of U.A.E. and is registered in the Insurance Companies register of the Central Bank of the U.A.E (“CBUAE”) (formerly Insurance Authority of U.A.E) under registration Number 15. The “Group” is comprised of the Company and its subsidiary (Note 3). The address of the Company’s registered corporate office is P.O Box 6000, Sharjah, United Arab Emirates.

The principal activity of the Company is the writing of insurance of all types – other than savings and accumulation of funds. The Company operates through its head office in Sharjah and has branches in Dubai, Abu Dhabi, Al Ain, Khorfakkan, Fujairah and Ajman.

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

The Group consists of Al Buhaira National Company P.S.C. and its subsidiary (the “Group”) as disclosed in Note 3 to the condensed consolidated interim financial information.

#### **2. Application of new and revised International Financial Reporting Standards (IFRS)**

There are no new and revised IFRS that has a material impact for the Group during the period, except for the ones mentioned below.

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

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

##### *IFRS 17 Insurance Contracts*

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Group’s estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

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

The Group applies the PAA to simplify the measurement of contracts in all segments. When measuring liabilities for remaining coverage, the PAA is similar to the Group’s previous accounting treatment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

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

# **Al Buhaira National Insurance Company P.S.C. and its Subsidiary**

## **Condensed consolidated interim financial information (Unaudited)**

### **Notes to the condensed consolidated interim financial information (continued)**

**For the six months period ended 30 June 2023**

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#### **2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

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

###### *IFRS 17 Insurance Contracts (continued)*

###### **Recognition**

Recognition requirements are slightly different for issued contracts and held contracts. For groups of issued contracts, a group should be recognised at the earliest of the following:

- Beginning of the coverage period;
- Date when the first payment from a policyholder becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

Reinsurance contracts held by an entity are recognised on the earlier of:

- Beginning of the coverage period of the group of reinsurance contracts held; and
- Date the entity recognises an onerous group of underlying insurance contracts provided the reinsurance contract was in force on or before that date.

Regardless of the first point above, the recognition of proportional reinsurance contracts held shall be delayed until the recognition of the first underlying contract issued under that reinsurance contract.

###### **Level of Aggregation**

Level of aggregation relates to the unit of account under IFRS 17. The unit of account under IFRS 17 is referred to as a 'Group of Contracts' and requirements relating to level of aggregation define how groups of contracts have to be determined.

The standard has set out the following requirements to determine a group of contracts:

- Portfolio – contracts that have similar risks and that are managed together can be grouped.
- Profitability – contracts with similar expected profitability (at inception or initial recognition) can be grouped.

For this purpose, the standard has mandated at least the following three classifications however it is permitted to use more granular classifications:

- Contracts that are onerous at inception;
- Contracts that are not onerous and have no significant possibility of becoming onerous; and
- All other contracts

###### **Cohorts**

Contracts issued more than 12 months apart cannot be grouped together. However, in certain circumstances a one-time simplification upon transition for contracts as at the transition is allowed.

A unique combination of the above three requirements forms a group of contracts i.e., contracts with same portfolio, same expected profitability and issued in the same year can be grouped together. This grouping is permanent and cannot be changed once assigned, regardless of how the actual experience emerges after initial recognition. For instance, as experience emerges an entity may realise that a contract which was thought to be onerous at initial recognition is not onerous, but the grouping will not be changed.

###### **Measurement Models**

Measurement model, in rudimentary terms, refers to the basis or a set of methodologies for the computation of insurance contract assets and liabilities and associated revenues and expenses. IFRS 17 has provided the following three measurement models:

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

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**2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

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

IFRS 17 *Insurance Contracts* (continued)

**Measurement Models (continued)**

***Premium Allocation Approach (“PAA”)***

PAA is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA and GMM. In terms of computations, the major simplification relates to LRC.

Under PAA, it is not required to consider each component of the premium separately instead a single liability can be set up. The components of liability under PAA as at any valuation date can be summarised as follows:

**Liability for Remaining Coverage (“LRC”)**

- Excluding Loss Component
- Loss Component, if any

**Liability for Incurred Claims (“LIC”)**

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

All of the Group’s short-term business is eligible for this simplification and the Group has adopted this simplification for the eligible business. Under PAA, loss component and claim reserves requires an explicit provision of risk adjustment this would increase the liabilities whereas discounting will generally decrease the liabilities. The net effect of PAA depends on whether the impact of risk adjustment is greater than the impact of discounting or the impact deferring additional expenses that are currently not deferred.

***General Measurement Model (“GMM”)***

GMM is the default measurement model and is applied to all contracts to which Premium Allocation Approach (“PAA”) and Variable Fees Approach (“VFA”) are not applied. GMM is based on the premise that premiums (or considerations) for insurance contracts comprises of certain components (such claims, expenses and profits) and that each component needs to be considered according to its nature. The liability under GMM as at any valuation date comprises of the following:

**Liability for Remaining Coverage (“LRC”)**

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows
- Contractual Service Margin (“CSM”)

**Liability for Incurred Claims (“LIC”)**

- Estimates of future cashflows
- Risk adjustment
- Discounting of estimates of future cashflows

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

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**2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

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

*IFRS 17 Insurance Contracts (continued)*

**Measurement Models (continued)**

***Variable Fees Approach (“VFA”)***

VFA is a mandatory modification to contracts with direct participation features. A contract is a contract with direct participation feature if it meets all three of the following requirements:

- Contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- The entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- The entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

The components of the liability under VFA are same as GMM and their calculations are quite similar too except for the computation of CSM. Under VFA, CSM calculations reflect the variability related to underlying items, but GMM does not reflect this variability. Similarly, there are some other aspects related to financial risk that impact the CSM under VFA but, not under GMM.

Above, the measurement models have been discussed in terms of insurance contract issued and associated liabilities, but same principles are applicable to reinsurance contract held and associated assets (except for VFA). Similarly, both LRC and LIC components are mentioned however, at initial recognition only LRC will be applicable.

Estimates of future cashflows, risk adjustment and discounting are collectively referred to as the Fulfilment Cashflows (“FCF”). In terms of revenues and expense GMM and VFA are quite similar however, a significant difference exists between GMM/VFA and PAA. The revenues under GMM and VFA show each component of the premium separately (such as expected claims and expenses) whereas under PAA, the revenue shows just an aggregate amount.

**Estimates of Future Cashflows**

The standard requires that future cashflows should be estimated till the end of the contract boundary. End of contract boundary is defined as the point at which an entity can either reassess the risk or consideration i.e., premium. The standard does not provide the methodology for the estimation of future cashflows however, it does provide detailed guidance on the cashflows that are within and beyond the contract boundary. It also provides certain principles in relation to the estimates of future cashflows.

**Risk Adjustment**

Risk adjustment reflects the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. Risk adjustment does not consider financial risk. The standard does not set out the methodology for the computation of risk adjustment, but it has provided certain principles.

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

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**2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

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

*IFRS 17 Insurance Contracts (continued)*

**Discounting**

The standard requires the estimates of future cashflows should be discounted to reflect the effect of time value of money and financial risks. Similar to other provisions it does not specify a methodology for discounting or the derivation of discount rates however, it sets out certain principles. The standard does recognise the following two approaches for the derivation of the discount rates:

- Bottom-Up: An approach where a risk-free rate or yield curve is used and an illiquidity premium is added to reflect the characteristics of the cashflows.
- Top-Down: An approach where the expected yield on a reference portfolio is used and adjustments are applied to reflect the differences between the liability cashflow characteristics and the characteristics of the reference portfolio.

**Contractual Service Margin (“CSM”)**

Contractual Service Margin (CSM) represents the unearned profit the entity will recognise as it provides insurance contract services in the future. At initial recognition CSM is computed using the FCF whereas at subsequent measurement CSM is computed using the opening CSM balance and various adjustments relating to the period. A portion of CSM is released to Profit & Loss as revenue in every period using coverage units.

**Onerous Contracts and Loss Components**

When a group of contracts, whether at initial recognition or subsequently, is or becomes onerous a loss component liability must be maintained. Under GMM and VFA this liability is implicitly included in the FCFs for LRC but for PAA an explicit loss component over the base LRC must be computed and set aside.

**Transition**

The default transition approach under IFRS 17 is the Full Retrospective Approach (“FRA”) which requires that upon transition IFRS 17 should be applied from inception of the groups of contracts as if IFRS 17 has always been applicable. However, if FRA is impracticable the following methods may be adopted:

- Modified Retrospective Approach (“MRA”): Under this approach the objective is to achieve the closest possible approximation to the FRA using the modifications allowed within the standard and without undue cost and effort.
- Fair Value Approach (“FVA”): Under this approach the fair value of the groups of contracts is computed and compared with the FCF. The CSM or loss component is the difference between the fair value and the FCF. Fair values for this purpose must be computed applying IFRS 13.

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**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

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

*IFRS 17 Insurance Contracts (continued)*

**Key Accounting Policy Choices**

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

<b>Accounting Policy</b>	<b>Group Decision</b>
Level of Aggregation – Adopting more granular profitability	Group has adopted the minimum three classifications provided in the standard and not use more granular classifications.
Level of Aggregation – Adopting more granular cohort	Group is using annual cohorts and not shorter cohorts.
PAA – Deferring insurance acquisition cashflows	Under PAA, in some circumstances, it is allowed to recognise insurance acquisition cashflows as expense when incurred and the Group's approach is to recognize insurance acquisition cashflows as expense when incurred.
PAA – Discounting LIC	Under PAA, in some circumstances, it is allowed not to discount the LIC, but Group is not using this option and discounts all LIC.
Interest Accretion – OCI Option	The standard allows that finance expense to be split between OCI, and P&L. Group aims to reflect entire finance expense in the P&L and plans not split between OCI and P&L.
Transition Approach	The Group has considered a Full Retrospective Approach where it has applied PAA.

**Assumptions**

While requirements relating to assumptions are within the requirements relating to measurement models, some aspects of the assumptions have been presented separately in this section due to their significance. IFRS 17, unlike IFRS 4, sets out detailed guidance on the basis to derive the assumptions (underlying the calculations of insurance and reinsurance contract assets and liabilities and associated revenues and expenses). The key assumptions are provided below:

- IFRS 17 requires separate estimation of a best estimate liability and an explicit risk adjustment.
- Financial variables (such as discount rates) have to be market consistent.

**Presentation and Disclosures**

IFRS 17 also contains comprehensive requirements related to presentation and disclosures. One of the key requirements is the presentation of revenue. For contracts under GMM and VFA, premiums will not be presented as revenues instead each component of the premium (such as expected claims and expenses) will be shown separately. Another key requirement relates to the presentation of reinsurance contracts held. Under IFRS 17 amounts related to insurance contract issued will be reported and net effect of reinsurance contracts held will be reported separately.

In addition to the above requirements, the new standard also introduces various new disclosures related to the insurance and reinsurance contract assets and liabilities and associated revenues and expenses.

# **Al Buhaira National Insurance Company P.S.C. and its Subsidiary**

## **Condensed consolidated interim financial information (Unaudited)**

### **Notes to the condensed consolidated interim financial information (continued)**

**For the six months period ended 30 June 2023**

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#### **3. Summary of significant accounting policies**

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

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34, *"Interim Financial Reporting"* and also comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial information is presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated.

This condensed consolidated interim financial information has been prepared on the historical cost basis, except for the revaluation of financial instruments and investment properties.

The accounting policies, presentation and methods in this condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2022, except for application of new standards effective as of 1 January 2023 and several amendments and interpretations apply for the first time in 2023.

This condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's consolidated audited annual financial statements as at and for the year ended 31 December 2022. In addition, results for the six months period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

##### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2022. Except for the below judgements.

##### *Insurance and reinsurance contracts*

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

##### *Liability for remaining coverage*

For insurance acquisition cash flows, the Group is eligible and chooses to recognise the payments as an expense immediately (coverage period of a year or less) for all segments.

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

For all product lines, the Group adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

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**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

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

**Critical accounting judgements and key sources of estimation uncertainty (continued)**

*Liability for incurred claims*

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

The main assumption underlying these techniques is that a Group'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.

Some of the insurance contracts that have been written in the property line of business permit the Group to sell property acquired in settling a claim. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

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*

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

EIOPA USD risk free Volatility Adjusted (Spot) rates were used with country risk premium/ illiquidity premium of 0.75% is applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Liability for Incurred Claims</b>								
AED	6.66%	6.44%	5.64%	5.63%	5.16%	5.32%	4.80%	5.12%
USD	5.91%	5.59%	4.89%	4.78%	4.41%	4.47%	4.05%	4.27%
<b>Liability for reinsurance contracts issued</b>								
AED	6.66%	6.44%	5.64%	5.63%	5.16%	5.32%	4.80%	5.12%
USD	5.91%	5.59%	4.89%	4.78%	4.41%	4.47%	4.05%	4.27%

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
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**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

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

**Critical accounting judgements and key sources of estimation uncertainty (continued)**

*Risk adjustment for non-financial risk*

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

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Group 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 Group 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 Group's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2022. There have been no changes in any risk management policies since the year end.

**Property and equipment**

Property and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are charged to the consolidated income statement during the financial period they are incurred.

The asset's residual values, useful lives and method of depreciation applied are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate. Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognized in the consolidated statement of income as an expense.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statement of income in the year the asset is derecognized.

Land is stated at its cost and is not depreciated.

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**4. Property and equipment**

- Property and equipment additions during the current period amounted to AED 633,553 (six months period ended 30 June 2022: AED 810,149).
- Depreciation charges for the current period amounted to AED 2,373,986 (six months period ended 30 June 2022: AED 1,370,370).
- Gain from disposal for the current period amounted to AED Nil (six months period ended 30 June 2022: AED 105,000).
- All the property and equipment are located in U.A.E.

**5. Investment properties**

Investment properties with a fair value of AED 842.5 million (31 December 2022: AED 842.5 million) were mortgaged to a bank (note 12) towards credit facilities granted to the Group.

The fair value of the Group's investment properties as at 31 December 2022 were arrived at on the basis of valuations carried by independent valuers who were not related to the Group and have appropriate qualification and recent market experience in the valuation of properties in the United Arab Emirates.

The fair value of land was determined based on acceptable approach that reflects recent transaction prices for similar properties. The fair value of buildings was determined based on using investment method. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Management estimates that there has been no change in the fair value of the investment properties during the six months period ended 30 June 2023.

The rental proceeds from Al Khan, Al Nahda Tower, and Al Buhairah Corniche Tower are assigned to a bank against credit facilities granted to the Group.

Investment properties are classified as Level 3 in fair value hierarchy as at 30 June 2023 (31 December 2022: Level 3).

**6. Investment in securities at FVTOCI**

**Financial assets carried at fair value through OCI**

The Group's financial investments at the end of reporting period are as follows:

	(Unaudited) 30 June 2023 AED	(Audited) 31 December 2022 AED
Quoted – at fair value	56,722,480	54,781,082
Unquoted – at fair value	3,478,098	3,478,098
	<u>60,200,578</u>	<u>58,259,180</u>
In U.A.E	60,200,578	58,259,180
In other GCC countries	-	-
	<u>60,200,578</u>	<u>58,259,180</u>

**7. Statutory deposit**

In accordance with the requirements of Federal Law No. 6 of 2007, on Establishment of Insurance Authority of U.A.E and Organization of its operations, the Group is required to maintain a bank deposit of AED 10,000,000 (31 December 2022: AED 10,000,000) as a statutory deposit. The statutory deposit yields interest rate per annum of 5.25% (31 December 2022: 2.80%).

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
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**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts**

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

		(Unaudited) 30 June 2023			(Unaudited) 31 December 2022		
	Notes	Assets AED	Liabilities AED	Net AED	Assets AED	Liabilities AED	Net AED
<b>Insurance contracts issued</b>							
Motor	8.1	76,245,844	-	76,245,844	-	54,354,873	(54,354,873)
Marine	8.2	-	60,866,019	(60,866,019)	-	74,708,156	(74,708,156)
FGA	8.3	45,694,041	-	45,694,041	-	17,807,589	(17,807,589)
Medical	8.4	-	544,740,640	(544,740,640)	-	368,183,609	(368,183,609)
Life	8.5	-	2,924,022	(2,924,022)	-	13,243,154	(13,243,154)
<b>Total insurance contracts issued</b>		<b>121,939,885</b>	<b>608,530,681</b>	<b>(486,590,796)</b>	<b>-</b>	<b>528,297,381</b>	<b>(528,297,381)</b>
<b>Reinsurance contracts held</b>							
Motor	8.6	86,560,873	-	86,560,873	127,787,031	-	127,787,031
Marine	8.7	42,742,690	-	42,742,690	42,040,733	-	42,040,733
FGA	8.8	20,998,457	-	20,998,457	18,444,073	-	18,444,073
Medical	8.9	19,338,508	-	19,338,508	-	7,558,523	(7,558,523)
Life	8.10	8,489,458	-	8,489,458	12,188,049	-	12,188,049
<b>Total reinsurance contracts held</b>		<b>178,129,986</b>	<b>-</b>	<b>178,129,986</b>	<b>200,459,886</b>	<b>7,558,523</b>	<b>192,901,363</b>

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

The Group disaggregates information to provide disclosures in respect of major product lines separately for Motor, Marine, FGA, Medical and Life. This disaggregation has been determined based on how the Group 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 following page:

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**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

Contracts measured under the PAA

**8.1 Motor**

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
30 June 2023	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Insurance contract liabilities as at 1 January 2023	(155,567,782)	11,986,139	191,257,483	6,679,033	54,354,873
Insurance revenue	(98,668,607)	-	-	-	(98,668,607)
Insurance service expenses					
Incurred claims and other expenses	-	-	154,606,164	3,332,114	157,938,278
Amortisation of insurance acquisition cash flows	9,461,710	-	-	-	9,461,710
Losses on onerous contracts and reversals	-	(8,453,939)	-	-	(8,453,939)
Changes to liabilities for incurred claims	-	-	(6,863,827)	(4,675,268)	(11,539,095)
<b>Insurance service result</b>	<b>(89,206,897)</b>	<b>(8,453,939)</b>	<b>147,742,337</b>	<b>(1,343,154)</b>	<b>48,738,347</b>
Insurance finance expenses	-	-	4,996,038	174,468	5,170,506
<b>Total changes in the statement of comprehensive income</b>	<b>(89,206,897)</b>	<b>(8,453,939)</b>	<b>152,738,375</b>	<b>(1,168,686)</b>	<b>53,908,853</b>
<b>Cash flows</b>					
Premiums received	22,807,735	-	-	-	22,807,735
Claims and other expenses	-	-	(197,855,595)	-	(197,855,595)
Insurance acquisition cash flows	(9,461,710)	-	-	-	(9,461,710)
<b>Total cash flows</b>	<b>13,346,025</b>	<b>-</b>	<b>(197,855,595)</b>	<b>-</b>	<b>(184,509,570)</b>
<b>Net insurance contract assets as at 30 June 2023</b>	<b>(231,428,654)</b>	<b>3,532,200</b>	<b>146,140,263</b>	<b>5,510,347</b>	<b>(76,245,844)</b>
<b>31 December 2022 (restated)</b>					
Insurance contract liabilities as at 1 January 2022	(104,701,480)	6,964,783	153,394,085	5,356,557	61,013,945
Insurance revenue	(201,907,000)	-	-	-	(201,907,000)
Insurance service expenses					
Incurred claims and other expenses	-	-	300,326,610	5,239,388	305,565,998
Amortisation of insurance acquisition cash flows	24,220,529	-	-	-	24,220,529
Losses on onerous contracts and reversals	-	5,021,356	-	-	5,021,356
Changes to liabilities for incurred claims	-	-	(17,019,824)	(3,925,138)	(20,944,962)
<b>Insurance service result</b>	<b>(177,686,471)</b>	<b>5,021,356</b>	<b>283,306,786</b>	<b>1,314,250</b>	<b>111,955,921</b>
Insurance finance expenses	-	-	235,527	8,226	243,753
<b>Total changes in the statement of comprehensive income</b>	<b>(177,686,471)</b>	<b>5,021,356</b>	<b>283,542,313</b>	<b>1,322,476</b>	<b>112,199,674</b>
<b>Cash flows</b>					
Premiums received	151,040,698	-	-	-	151,040,698
Claims and other expenses	-	-	(245,678,915)	-	(245,678,915)
Insurance acquisition cash flows	(24,220,529)	-	-	-	(24,220,529)
<b>Total cash flows</b>	<b>126,820,169</b>	<b>-</b>	<b>(245,678,915)</b>	<b>-</b>	<b>(118,858,746)</b>
<b>Net insurance contract liabilities as at 31 December 2022</b>	<b>(155,567,782)</b>	<b>11,986,139</b>	<b>191,257,483</b>	<b>6,679,033</b>	<b>54,354,873</b>

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**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

Contracts measured under the PAA (continued)

**8.2 Marine**

30 June 2023	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	
Insurance contract liabilities as at 1 January 2023	40,560,005	32,102	32,734,329	1,381,720	74,708,156
Insurance revenue	(15,626,787)	-	-	-	(15,626,787)
Insurance service expenses					
Incurred claims and other expenses	-	-	9,219,900	261,119	9,481,019
Amortisation of insurance acquisition cash flows	1,417,583	-	-	-	1,417,583
Losses on onerous contracts and reversals	-	325,863	-	-	325,863
Changes to liabilities for incurred claims	-	-	(298,690)	(237,364)	(536,054)
<b>Insurance service result</b>	<b>(14,209,204)</b>	<b>325,863</b>	<b>8,921,210</b>	<b>23,755</b>	<b>(4,938,376)</b>
Insurance finance expenses	-	-	832,716	35,150	867,866
<b>Total changes in the statement of comprehensive income</b>	<b>(14,209,204)</b>	<b>325,863</b>	<b>9,753,926</b>	<b>58,905</b>	<b>(4,070,510)</b>
<b>Cash flows</b>					
Premiums received	2,524,581	-	-	-	2,524,581
Claims and other expenses	-	-	(10,878,625)	-	(10,878,625)
Insurance acquisition cash flows	(1,417,583)	-	-	-	(1,417,583)
<b>Total cash flows</b>	<b>1,106,998</b>	<b>-</b>	<b>(10,878,625)</b>	<b>-</b>	<b>(9,771,627)</b>
<b>Net insurance contract liabilities as at 30 June 2023</b>	<b>27,457,799</b>	<b>357,965</b>	<b>31,609,630</b>	<b>1,440,625</b>	<b>60,866,019</b>
31 December 2022 ( <i>restated</i> )					
Insurance contract liabilities as at 1 January 2022	(4,951,317)	6,260	17,820,298	752,165	13,627,406
Insurance revenue	20,392,802	-	-	-	20,392,802
Insurance service expenses					
Incurred claims and other expenses	-	-	38,491,504	1,254,779	39,746,283
Amortisation of insurance acquisition cash flows	3,057,988	-	-	-	3,057,988
Losses on onerous contracts and reversals	-	25,842	-	-	25,842
Changes to liabilities for incurred claims	-	-	(7,160,105)	(626,014)	(7,786,119)
<b>Insurance service result</b>	<b>23,450,790</b>	<b>25,842</b>	<b>31,331,399</b>	<b>628,765</b>	<b>55,436,796</b>
Insurance finance expenses	-	-	18,720	790	19,510
<b>Total changes in the statement of comprehensive income</b>	<b>23,450,790</b>	<b>25,842</b>	<b>31,350,119</b>	<b>629,555</b>	<b>55,456,306</b>
<b>Cash flows</b>					
Premiums received	25,118,520	-	-	-	25,118,520
Claims and other expenses	-	-	(16,436,088)	-	(16,436,088)
Insurance acquisition cash flows	(3,057,988)	-	-	-	(3,057,988)
<b>Total cash flows</b>	<b>22,060,532</b>	<b>-</b>	<b>(16,436,088)</b>	<b>-</b>	<b>5,624,444</b>
<b>Net insurance contract liabilities as at 31 December 2022</b>	<b>40,560,005</b>	<b>32,102</b>	<b>32,734,329</b>	<b>1,381,720</b>	<b>74,708,156</b>

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**8. Insurance and reinsurance contracts (continued)**

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

Contracts measured under the PAA (continued)

**8.3 FGA**

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
30 June 2023	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Insurance contract liabilities as at 1 January 2023	(47,350,689)	315,284	61,651,982	3,191,012	17,807,589
Insurance revenue	(52,946,966)	-	-	-	(52,946,966)
Insurance service expenses					
Incurred claims and other expenses	-	-	19,733,601	755,318	20,488,919
Amortisation of insurance acquisition cash flows	1,500,566	-	-	-	1,500,566
Losses on onerous contracts and reversals	-	(10,256)	-	-	(10,256)
Changes to liabilities for incurred claims	-	-	(13,910,357)	(1,895,054)	(15,805,411)
<b>Insurance service result</b>	<b>(51,446,400)</b>	<b>(10,256)</b>	<b>5,823,244</b>	<b>(1,139,736)</b>	<b>(46,773,148)</b>
Insurance finance expenses	-	-	1,618,450	83,801	1,702,251
<b>Total changes in the statement of comprehensive income</b>	<b>(51,446,400)</b>	<b>(10,256)</b>	<b>7,441,694</b>	<b>(1,055,935)</b>	<b>(45,070,897)</b>
<b>Cash flows</b>					
Premiums received	13,490,850	-	-	-	13,490,850
Claims and other expenses	-	-	(30,421,017)	-	(30,421,017)
Insurance acquisition cash flows	(1,500,566)	-	-	-	(1,500,566)
<b>Total cash flows</b>	<b>11,990,284</b>	<b>-</b>	<b>(30,421,017)</b>	<b>-</b>	<b>(18,430,733)</b>
<b>Net insurance contract assets as at 30 June 2023</b>	<b>(86,806,805)</b>	<b>305,028</b>	<b>38,672,659</b>	<b>2,135,077</b>	<b>(45,694,041)</b>
<b>31 December 2022 (restated)</b>					
Insurance contract liabilities as at 1 January 2022	(31,146,158)	157,774	52,196,684	2,592,878	23,801,178
Insurance revenue	(101,153,894)	-	-	-	(101,153,894)
Insurance service expenses					
Incurred claims and other expenses	-	-	59,725,529	2,087,781	61,813,310
Amortisation of insurance acquisition cash flows	3,250,557	-	-	-	3,250,557
Losses on onerous contracts and reversals	-	157,510	-	-	157,510
Changes to liabilities for incurred claims	-	-	(10,686,029)	(1,485,663)	(12,171,692)
<b>Insurance service result</b>	<b>(97,903,337)</b>	<b>157,510</b>	<b>49,039,500</b>	<b>602,118</b>	<b>(48,104,209)</b>
Insurance finance expenses	-	-	(113,329)	(3,984)	(117,313)
<b>Total changes in the statement of comprehensive income</b>	<b>(97,903,337)</b>	<b>157,510</b>	<b>48,926,171</b>	<b>598,134</b>	<b>(48,221,522)</b>
<b>Cash flows</b>					
Premiums received	84,949,363	-	-	-	84,949,363
Claims and other expenses	-	-	(39,470,873)	-	(39,470,873)
Insurance acquisition cash flows	(3,250,557)	-	-	-	(3,250,557)
<b>Total cash flows</b>	<b>81,698,806</b>	<b>-</b>	<b>(39,470,873)</b>	<b>-</b>	<b>42,227,933</b>
<b>Net insurance contract liabilities as at 31 December 2022</b>	<b>(47,350,689)</b>	<b>315,284</b>	<b>61,651,982</b>	<b>3,191,012</b>	<b>17,807,589</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

**For the six months period ended 30 June 2023**

**8. Insurance and reinsurance contracts (continued)**

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

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

**8.4 Medical**

	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
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED	AED
30 June 2023					
Insurance contract liabilities as at 1 January 2023	23,177,062	18,567	338,289,485	6,698,495	368,183,609
Insurance revenue	(392,145,356)	-	-	-	(392,145,356)
Insurance service expenses					
Incurred claims and other expenses	-	-	411,841,235	6,437,358	418,278,593
Amortisation of insurance acquisition cash flows	13,062,042	-	-	-	13,062,042
Losses on onerous contracts and reversals	-	7,509,535	-	-	7,509,535
Changes to liabilities for incurred claims	-	-	(17,695,372)	(4,093,200)	(21,788,572)
<b>Insurance service result</b>	<b>(379,083,314)</b>	<b>7,509,535</b>	<b>394,145,863</b>	<b>2,344,158</b>	<b>24,916,242</b>
Insurance finance expenses	-	-	8,468,972	167,695	8,636,667
<b>Total changes in the statement of comprehensive income</b>	<b>(379,083,314)</b>	<b>7,509,535</b>	<b>402,614,835</b>	<b>2,511,853</b>	<b>33,552,909</b>
<b>Cash flows</b>					
Premiums received	466,173,173	-	-	-	466,173,173
Claims and other expenses	-	-	(310,107,008)	-	(310,107,008)
Insurance acquisition cash flows	(13,062,043)	-	-	-	(13,062,043)
<b>Total cash flows</b>	<b>453,111,130</b>	<b>-</b>	<b>(310,107,008)</b>	<b>-</b>	<b>143,004,122</b>
<b>Net insurance contract liabilities as at 30 June 2023</b>	<b>97,204,878</b>	<b>7,528,102</b>	<b>430,797,312</b>	<b>9,210,348</b>	<b>544,740,640</b>
31 December 2022 ( <i>restated</i> )					
Insurance contract liabilities as at 1 January 2022	10,360,162	2,187	242,552,594	4,802,605	257,717,548
Insurance revenue	(587,126,874)	-	-	-	(587,126,874)
Insurance service expenses					
Incurred claims and other expenses	-	-	677,877,894	6,483,219	684,361,113
Amortisation of insurance acquisition cash flows	11,602,317	-	-	-	11,602,317
Losses on onerous contracts and reversals	-	16,380	-	-	16,380
Changes to liabilities for incurred claims	-	-	(74,294,851)	(4,611,678)	(78,906,529)
<b>Insurance service result</b>	<b>(575,524,557)</b>	<b>16,380</b>	<b>603,583,043</b>	<b>1,871,541</b>	<b>29,946,407</b>
Insurance finance expenses	-	-	1,229,728	24,349	1,254,077
<b>Total changes in the statement of comprehensive income</b>	<b>(575,524,557)</b>	<b>16,380</b>	<b>604,812,771</b>	<b>1,895,890</b>	<b>31,200,484</b>
<b>Cash flows</b>					
Premiums received	599,943,774	-	-	-	599,943,774
Claims and other expenses	-	-	(509,075,880)	-	(509,075,880)
Insurance acquisition cash flows	(11,602,317)	-	-	-	(11,602,317)
<b>Total cash flows</b>	<b>588,341,457</b>	<b>-</b>	<b>(509,075,880)</b>	<b>-</b>	<b>79,265,577</b>
<b>Net insurance contract liabilities as at 31 December 2022</b>	<b>23,177,062</b>	<b>18,567</b>	<b>338,289,485</b>	<b>6,698,495</b>	<b>368,183,609</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

**For the six months period ended 30 June 2023**

**8. Insurance and reinsurance contracts (continued)**

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

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

**8.5 Life**

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
30 June 2023	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Insurance contract liabilities as at 1 January 2023	(2,949,384)	22,193	16,105,407	64,938	13,243,154
Insurance revenue	(7,281,266)	-	-	-	(7,281,266)
Insurance service expenses					
Incurred claims and other expenses	-	-	4,837,288	11,438	4,848,726
Amortisation of insurance acquisition cash flows	207,575	-	-	-	207,575
Losses on onerous contracts and reversals	-	33,661	-	-	33,661
Changes to liabilities for incurred claims	-	-	(4,939,812)	(28,036)	(4,967,848)
<b>Insurance service result</b>	<b>(7,073,691)</b>	<b>33,661</b>	<b>(102,524)</b>	<b>(16,598)</b>	<b>(7,159,152)</b>
Insurance finance expenses	-	-	364,391	1,469	365,860
<b>Total changes in the statement of comprehensive income</b>	<b>(7,073,691)</b>	<b>33,661</b>	<b>261,867</b>	<b>(15,129)</b>	<b>(6,793,292)</b>
<b>Cash flows</b>					
Premiums received	1,607,549	-	-	-	1,607,549
Claims and other expenses	-	-	(4,925,814)	-	(4,925,814)
Insurance acquisition cash flows	(207,575)	-	-	-	(207,575)
<b>Total cash flows</b>	<b>1,399,974</b>	<b>-</b>	<b>(4,925,814)</b>	<b>-</b>	<b>(3,525,840)</b>
<b>Net insurance contract liabilities as at 30 June 2023</b>	<b>(8,623,101)</b>	<b>55,854</b>	<b>11,441,460</b>	<b>49,809</b>	<b>2,924,022</b>
<b>31 December 2022 (restated)</b>					
Insurance contract liabilities as at 1 January 2022	(1,645,345)	1,119,970	15,227,862	61,398	14,763,885
Insurance revenue	(10,086,205)	-	-	-	(10,086,205)
Insurance service expenses					
Incurred claims and other expenses	-	-	6,720,906	19,965	6,740,871
Amortisation of insurance acquisition cash flows	490,744	-	-	-	490,744
Losses on onerous contracts and reversals	-	(1,097,777)	-	-	(1,097,777)
Changes to liabilities for incurred claims	-	-	(2,363,405)	(16,735)	(2,380,140)
<b>Insurance service result</b>	<b>(9,595,461)</b>	<b>(1,097,777)</b>	<b>4,357,501</b>	<b>3,230</b>	<b>(6,332,507)</b>
Insurance finance expenses	-	-	77,032	310	77,342
<b>Total changes in the statement of comprehensive income</b>	<b>(9,595,461)</b>	<b>(1,097,777)</b>	<b>4,434,533</b>	<b>3,540</b>	<b>(6,255,165)</b>
<b>Cash flows</b>					
Premiums received	8,782,166	-	-	-	8,782,166
Claims and other expenses	-	-	(3,556,988)	-	(3,556,988)
Insurance acquisition cash flows	(490,744)	-	-	-	(490,744)
<b>Total cash flows</b>	<b>8,291,422</b>	<b>-</b>	<b>(3,556,988)</b>	<b>-</b>	<b>4,734,434</b>
<b>Net insurance contract liabilities as at 31 December 2022</b>	<b>(2,949,384)</b>	<b>22,193</b>	<b>16,105,407</b>	<b>64,938</b>	<b>13,243,154</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

Contracts measured under the PAA

**8.6 Motor**

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
<b>30 June 2023</b>					
Reinsurance contract assets as at 1 January 2023	42,673,315	6,745,506	75,723,810	2,644,400	127,787,031
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>42,673,315</b>	<b>6,745,506</b>	<b>75,723,810</b>	<b>2,644,400</b>	<b>127,787,031</b>
An allocation of reinsurance premiums	(45,753,151)	-	-	-	(45,753,151)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	39,677,732	835,873	40,513,605
Changes to amounts recoverable for incurred claims	-	-	9,490,944	(1,200,487)	8,290,457
Amortization of insurance acquisition cash flows	6,811,221	-	-	-	6,811,221
Losses on onerous contracts and reversals of those losses – net	-	(5,838,418)	-	-	(5,838,418)
<b>Net income or expense from reinsurance contracts held</b>	<b>(38,941,930)</b>	<b>(5,838,418)</b>	<b>49,168,676</b>	<b>(364,614)</b>	<b>4,023,714</b>
Reinsurance finance income	-	-	1,798,454	62,806	1,861,260
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(38,941,930)</b>	<b>(5,838,418)</b>	<b>50,967,130</b>	<b>(301,808)</b>	<b>5,884,974</b>
<b>Cash flows</b>					
Premiums paid	29,430,073	-	-	-	29,430,073
Reinsurance acquisition cash flows	(6,811,221)	-	-	-	(6,811,221)
Amounts received	-	-	(69,729,984)	-	(69,729,984)
<b>Total cash flows</b>	<b>22,618,852</b>	<b>-</b>	<b>(69,729,984)</b>	<b>-</b>	<b>(47,111,132)</b>
<b>Net reinsurance contract assets as at 30 June 2023</b>	<b>26,350,237</b>	<b>907,088</b>	<b>56,960,956</b>	<b>2,342,592</b>	<b>86,560,873</b>
Reinsurance contract assets as at 30 June 2023	26,350,237	907,088	56,960,956	2,342,592	86,560,873
Reinsurance contract liabilities as at 30 June 2023	-	-	-	-	-
<b>Net reinsurance contract assets as at 30 June 2023</b>	<b>26,350,237</b>	<b>907,088</b>	<b>56,960,956</b>	<b>2,342,592</b>	<b>86,560,873</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

Contracts measured under the PAA (continued)

**8.6 Motor (continued)**

31 December 2022	Assets for remaining coverage		Amounts recoverable on incurred claims		Total 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	
Reinsurance contract assets as at 1 January 2022	58,113,217	4,068,090	59,706,451	2,121,989	124,009,747
Reinsurance contract liabilities as at 1 January 2022	-	-	-	-	-
Net reinsurance contract assets	58,113,217	4,068,090	59,706,451	2,121,989	124,009,747
An allocation of reinsurance premiums	(124,709,408)	-	-	-	(124,709,408)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	147,515,912	1,830,344	149,346,256
Changes to amounts recoverable for incurred claims	-	-	10,872,794	(1,304,327)	9,568,467
Amortization of insurance acquisition cash flows	56,558,538	-	-	-	56,558,538
Losses on onerous contracts and reversals of those losses - net	-	2,677,416	-	-	2,677,416
Net income or expense from reinsurance contracts held	(68,150,870)	2,677,416	158,388,706	526,017	93,441,269
Reinsurance finance income	-	-	(101,437)	(3,606)	(105,043)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(68,150,870)	2,677,416	158,287,269	522,411	93,336,226
<i>Cash flows</i>					
Premiums paid	109,269,506	-	-	-	109,269,506
Reinsurance acquisition cash flows	(56,558,538)	-	-	-	(56,558,538)
Amounts received	-	-	(142,269,910)	-	(142,269,910)
Total cash flows	52,710,968	-	(142,269,910)	-	(89,558,942)
Net reinsurance contract assets as at 31 December 2022	42,673,315	6,745,506	75,723,810	2,644,400	127,787,031
Reinsurance contract assets as at 31 December 2022	42,673,315	6,745,506	75,723,810	2,644,400	127,787,031
Reinsurance contract liabilities as at 31 December 2022	-	-	-	-	-
Net reinsurance contract assets as at 31 December 2022	42,673,315	6,745,506	75,723,810	2,644,400	127,787,031

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

**Contracts measured under the PAA (Continued)**

**8.7 Marine**

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total Unaudited AED
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	
<b>30 June 2023</b>					
Reinsurance contract assets as at 1 January 2023	3,408,674	4,738	37,062,892	1,564,429	42,040,733
Reinsurance contract liabilities as at 1 January 2023	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>3,408,674</b>	<b>4,738</b>	<b>37,062,892</b>	<b>1,564,429</b>	<b>42,040,733</b>
An allocation of reinsurance premiums	(6,521,038)	-	-	-	(6,521,038)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	2,112,294	87,497	2,199,791
Changes to amounts recoverable for incurred claims	-	-	(962,625)	99,513	(863,112)
Amortization of insurance acquisition cash flows	1,635,986	-	-	-	1,635,986
Losses on onerous contracts and reversals of those losses - net	-	87,537	-	-	87,537
<b>Net income or expense from reinsurance contracts held</b>	<b>(4,885,052)</b>	<b>87,537</b>	<b>1,149,669</b>	<b>187,010</b>	<b>(3,460,836)</b>
Reinsurance finance income	-	-	859,455	36,278	895,733
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(4,885,052)</b>	<b>87,537</b>	<b>2,009,124</b>	<b>223,288</b>	<b>(2,565,103)</b>
<b>Cash flows</b>					
Premiums paid	6,129,816	-	-	-	6,129,816
Reinsurance acquisition cash flows	(1,635,986)	-	-	-	(1,635,986)
Amounts received	-	-	(1,226,770)	-	(1,226,770)
<b>Total cash flows</b>	<b>4,493,830</b>	<b>-</b>	<b>(1,226,770)</b>	<b>-</b>	<b>3,267,060</b>
<b>Net reinsurance contract assets as at 30 June 2023</b>	<b>3,017,452</b>	<b>92,275</b>	<b>37,845,246</b>	<b>1,787,717</b>	<b>42,742,690</b>
Reinsurance contract assets as at 30 June 2023	3,017,452	92,275	37,845,246	1,787,717	42,742,690
Reinsurance contract liabilities as at 30 June 2023	-	-	-	-	-
<b>Net reinsurance contract assets as at 30 June 2023</b>	<b>3,017,452</b>	<b>92,275</b>	<b>37,845,246</b>	<b>1,787,717</b>	<b>42,742,690</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

Contracts measured under the PAA (continued)

**8.7 Marine (continued)**

31 December 2022	Assets for remaining coverage		Amounts recoverable on incurred claims		Total 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	
Reinsurance contract assets as at 1 January 2022	972,723	4,738	23,457,722	1,020,569	25,455,752
Reinsurance contract liabilities as at 1 January 2022	-	-	-	-	-
Net reinsurance contract assets	972,723	4,738	23,457,722	1,020,569	25,455,752
An allocation of reinsurance premiums	(15,127,563)	-	-	-	(15,127,563)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	21,383,323	1,124,302	22,507,625
Changes to amounts recoverable for incurred claims	-	-	(2,437,956)	(584,978)	(3,022,934)
Amortization of insurance acquisition cash flows	4,214,641	-	-	-	4,214,641
Losses on onerous contracts and reversals of those losses - net	-	-	-	-	-
Net income or expense from reinsurance contracts held	(10,912,922)	-	18,945,367	539,324	8,571,769
Reinsurance finance income	-	-	104,208	4,536	108,744
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(10,912,922)	-	19,049,575	543,860	8,680,513
<i>Cash flows</i>					
Premiums paid	17,563,514	-	-	-	17,563,514
Reinsurance acquisition cash flows	(4,214,641)	-	-	-	(4,214,641)
Amounts received	-	-	(5,444,405)	-	(5,444,405)
Total cash flows	13,348,873	-	(5,444,405)	-	7,904,468
Net reinsurance contract assets as at 31 December 2022	3,408,674	4,738	37,062,892	1,564,429	42,040,733
Reinsurance contract assets as at 31 December 2022	3,408,674	4,738	37,062,892	1,564,429	42,040,733
Reinsurance contract liabilities as at 31 December 2022	-	-	-	-	-
Net reinsurance contract assets as at 31 December 2022	3,408,674	4,738	37,062,892	1,564,429	42,040,733

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

Contracts measured under the PAA (Continued)

**8.8 FGA**

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
30 June 2023	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Reinsurance contract assets as at 1 January 2023	-	61,223	44,067,214	2,255,144	46,383,581
Reinsurance contract liabilities as at 1 January 2023	(27,939,508)	-	-	-	(27,939,508)
<b>Net reinsurance contract (liabilities)/ assets</b>	<b>(27,939,508)</b>	<b>61,223</b>	<b>44,067,214</b>	<b>2,255,144</b>	<b>18,444,073</b>
An allocation of reinsurance premiums	(46,174,002)	-	-	-	(46,174,002)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	7,005,961	376,555	7,382,516
Changes to amounts recoverable for incurred claims	-	-	(8,992,007)	(1,018,052)	(10,010,059)
Amortization of insurance acquisition cash flows	8,368,909	-	-	-	8,368,909
Losses on onerous contracts and reversals of those losses - net	-	(8,527)	-	-	(8,527)
<b>Net income or expense from reinsurance contracts held</b>	<b>(37,805,093)</b>	<b>(8,527)</b>	<b>(1,986,046)</b>	<b>(641,497)</b>	<b>(40,441,163)</b>
Reinsurance finance income	-	-	1,107,162	56,738	1,163,900
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(37,805,093)</b>	<b>(8,527)</b>	<b>(878,884)</b>	<b>(584,759)</b>	<b>(39,277,263)</b>
<b>Cash flows</b>					
Premiums paid	63,524,025	-	-	-	63,524,025
Reinsurance acquisition cash flows	(8,368,909)	-	-	-	(8,368,909)
Amounts received	-	-	(13,323,469)	-	(13,323,469)
<b>Total cash flows</b>	<b>55,155,116</b>	<b>-</b>	<b>(13,323,469)</b>	<b>-</b>	<b>41,831,647</b>
<b>Net reinsurance contract assets/ (liabilities) as at 30 June 2023</b>	<b>(10,589,485)</b>	<b>52,696</b>	<b>29,864,861</b>	<b>1,670,385</b>	<b>20,998,457</b>
Reinsurance contract assets as at 30 June 2023	-	52,696	29,864,861	1,670,385	31,587,942
Reinsurance contract liabilities as at 30 June 2023	(10,589,485)	-	-	-	(10,589,485)
<b>Net reinsurance contract assets/ (liabilities) as at 30 June 2023</b>	<b>(10,589,485)</b>	<b>52,696</b>	<b>29,864,861</b>	<b>1,670,385</b>	<b>20,998,457</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

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

**8.8 FGA (continued)**

	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
31 December 2022	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Reinsurance contract assets as at 1 January 2022	-	152,949	37,620,498	1,936,589	39,710,036
Reinsurance contract liabilities as at 1 January 2022	(29,592,314)	-	-	-	(29,592,314)
Net reinsurance contract (liabilities)/ assets	(29,592,314)	152,949	37,620,498	1,936,589	10,117,722
An allocation of reinsurance premiums	(92,092,590)	-	-	-	(92,092,590)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	36,359,268	1,418,350	37,777,618
Changes to amounts recoverable for incurred claims	-	-	(3,236,117)	(1,097,252)	(4,333,369)
Amortization of insurance acquisition cash flows	19,430,347	-	-	-	19,430,347
Losses on onerous contracts and reversals of those losses - net	-	(91,726)	-	-	(91,726)
Net income or expense from reinsurance contracts held	(72,662,243)	(91,726)	33,123,151	321,098	(39,309,720)
Reinsurance finance income	-	-	(67,721)	(2,543)	(70,264)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(72,662,243)	(91,726)	33,055,430	318,555	(39,379,984)
<i>Cash flows</i>					
Premiums paid	93,745,396	-	-	-	93,745,396
Reinsurance acquisition cash flows	(19,430,347)	-	-	-	(19,430,347)
Amounts received	-	-	(26,608,714)	-	(26,608,714)
Total cash flows	74,315,049	-	(26,608,714)	-	47,706,335
Net reinsurance contract (liabilities)/ assets as at 31 December 2022	(27,939,508)	61,223	44,067,214	2,255,144	18,444,073
Reinsurance contract assets as at 31 December 2022	-	61,223	44,067,214	2,255,144	46,383,581
Reinsurance contract liabilities as at 31 December 2022	(27,939,508)	-	-	-	(27,939,508)
Net reinsurance contract (liabilities)/ assets as at 31 December 2022	(27,939,508)	61,223	44,067,214	2,255,144	18,444,073

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

Contracts measured under the PAA (Continued)

**8.9 Medical**

	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 AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
30 June 2023					
Reinsurance contract assets as at 1 January 2023	-	16,181	232,199,174	4,597,792	236,813,147
Reinsurance contract liabilities as at 1 January 2023	(244,371,670)	-	-	-	(244,371,670)
Net reinsurance contract (liabilities)/ assets	(244,371,670)	16,181	232,199,174	4,597,792	(7,558,523)
An allocation of reinsurance premiums	(299,911,262)	-	-	-	(299,911,262)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	287,716,388	4,716,253	292,432,641
Changes to amounts recoverable for incurred claims	-	-	(5,295,656)	(2,535,994)	(7,831,650)
Amortization of insurance acquisition cash flows	31,183,969	-	-	-	31,183,969
Losses on onerous contracts and reversals of those losses - net	-	5,995,453	-	-	5,995,453
Net income or expense from reinsurance contracts held	(268,727,293)	5,995,453	282,420,732	2,180,259	21,869,151
Reinsurance finance income	-	-	5,793,030	114,708	5,907,738
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(268,727,293)	5,995,453	288,213,762	2,294,967	27,776,889
Cash flows					
Premiums paid	236,992,775	-	-	-	236,992,775
Reinsurance acquisition cash flows	(31,183,969)	-	-	-	(31,183,969)
Amounts received	-	-	(206,688,664)	-	(206,688,664)
Total cash flows	205,808,806	-	(206,688,664)	-	(879,858)
Net reinsurance contract (liabilities)/ assets as at 30 June 2023	(307,290,157)	6,011,634	313,724,272	6,892,759	19,338,508
Reinsurance contract assets as at 30 June 2023	-	6,011,634	313,724,272	6,892,759	326,628,665
Reinsurance contract liabilities as at 30 June 2023	(307,290,157)	-	-	-	(307,290,157)
Net reinsurance contract (liabilities)/ assets as at 30 June 2023	(307,290,157)	6,011,634	313,724,272	6,892,759	19,338,508

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

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

**8.9 Medical (continued)**

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
31 December 2022	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Reinsurance contract assets as at 1 January 2022	-	1,754	150,828,374	3,006,159	153,836,287
Reinsurance contract liabilities as at 1 January 2022	(176,542,832)	-	-	-	(176,542,832)
Net reinsurance contract (liabilities)/ assets	(176,542,832)	1,754	150,828,374	3,006,159	(22,706,545)
An allocation of reinsurance premiums	(441,578,100)	-	-	-	(441,578,100)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	456,966,642	4,574,311	461,540,953
Changes to amounts recoverable for incurred claims	-	-	(23,481,945)	(2,996,032)	(26,477,977)
Amortization of insurance acquisition cash flows	43,522,824	-	-	-	43,522,824
Losses on onerous contracts and reversals of those losses - net	-	14,427	-	-	14,427
Net income or expense from reinsurance contracts held	(398,055,276)	14,427	433,484,697	1,578,279	37,022,127
Reinsurance finance income	-	-	669,979	13,354	683,333
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(398,055,276)	14,427	434,154,676	1,591,633	37,705,460
<i>Cash flows</i>					
Premiums paid	373,749,262	-	-	-	373,749,262
Reinsurance acquisition cash flows	(43,522,824)	-	-	-	(43,522,824)
Amounts received	-	-	(352,783,876)	-	(352,783,876)
Total cash flows	330,226,438	-	(352,783,876)	-	(22,557,438)
Net reinsurance contract (liabilities)/ assets as at 31 December 2022	(244,371,670)	16,181	232,199,174	4,597,792	(7,558,523)
Reinsurance contract assets as at 31 December 2022	-	16,181	232,199,174	4,597,792	236,813,147
Reinsurance contract liabilities as at 31 December 2022	(244,371,670)	-	-	-	(244,371,670)
Net reinsurance contract (liabilities)/ assets as at 31 December 2022	(244,371,670)	16,181	232,199,174	4,597,792	(7,558,523)

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

Contracts measured under the PAA (Continued)

**8.10 Life**

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
30 June 2023	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Reinsurance contract assets as at 1 January 2023	-	991,806	12,841,676	51,883	13,885,365
Reinsurance contract liabilities as at 1 January 2023	(1,697,316)	-	-	-	(1,697,316)
<b>Net reinsurance contract (liabilities)/ assets</b>	<b>(1,697,316)</b>	<b>991,806</b>	<b>12,841,676</b>	<b>51,883</b>	<b>12,188,049</b>
An allocation of reinsurance premiums	(5,697,344)	-	-	-	(5,697,344)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	3,630,171	5,243	3,635,414
Changes to amounts recoverable for incurred claims	-	-	(3,419,762)	(15,338)	(3,435,100)
Amortization of insurance acquisition cash flows	1,283,763	-	-	-	1,283,763
Losses on onerous contracts and reversals of those losses – net	-	(789,638)	-	-	(789,638)
<b>Net income or expense from reinsurance contracts held</b>	<b>(4,413,581)</b>	<b>(789,638)</b>	<b>210,409</b>	<b>(10,095)</b>	<b>(5,002,905)</b>
Reinsurance finance income	-	-	289,035	1,168	290,203
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(4,413,581)</b>	<b>(789,638)</b>	<b>499,444</b>	<b>(8,927)</b>	<b>(4,712,702)</b>
<b>Cash flows</b>					
Premiums paid	6,208,358	-	-	-	6,208,358
Reinsurance acquisition cash flows	(1,283,763)	-	-	-	(1,283,763)
Amounts received	-	-	(3,910,484)	-	(3,910,484)
<b>Total cash flows</b>	<b>4,924,595</b>	<b>-</b>	<b>(3,910,484)</b>	<b>-</b>	<b>1,014,111</b>
<b>Net reinsurance contract (liabilities)/ assets as at 30 June 2023</b>	<b>(1,186,302)</b>	<b>202,168</b>	<b>9,430,636</b>	<b>42,956</b>	<b>8,489,458</b>
Reinsurance contract assets as at 30 June 2023	-	202,168	9,430,636	42,956	9,675,760
Reinsurance contract liabilities as at 30 June 2023	(1,186,302)	-	-	-	(1,186,302)
<b>Net reinsurance contract (liabilities)/ assets as at 30 June 2023</b>	<b>(1,186,302)</b>	<b>202,168</b>	<b>9,430,636</b>	<b>42,956</b>	<b>8,489,458</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**8. Insurance and reinsurance contracts (continued)**

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

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

**8.10 Life (continued)**

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
31 December 2022	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Reinsurance contract assets as at 1 January 2022	-	991,806	10,713,285	43,515	11,748,606
Reinsurance contract liabilities as at 1 January 2022	(604,574)	-	-	-	(604,574)
Net reinsurance contract (liabilities)/ assets	(604,574)	991,806	10,713,285	43,515	11,144,032
An allocation of reinsurance premiums	(9,076,494)	-	-	-	(9,076,494)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	-	4,803,934	15,544	4,819,478
Changes to amounts recoverable for incurred claims	-	-	(1,406,862)	(7,361)	(1,414,223)
Amortization of insurance acquisition cash flows	1,616,652	-	-	-	1,616,652
Losses on onerous contracts and reversals of those losses - net	-	-	-	-	-
Net income or expense from reinsurance contracts held	(7,459,842)	-	3,397,072	8,183	(4,054,587)
Reinsurance finance income	-	-	45,526	185	45,711
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(7,459,842)	-	3,442,598	8,368	(4,008,876)
<i>Cash flows</i>					
Premiums paid	7,983,752	-	-	-	7,983,752
Reinsurance acquisition cash flows	(1,616,652)	-	-	-	(1,616,652)
Amounts received	-	-	(1,314,207)	-	(1,314,207)
Total cash flows	6,367,100	-	(1,314,207)	-	5,052,893
Net reinsurance contract (liabilities)/ assets as at 31 December 2022	(1,697,316)	991,806	12,841,676	51,883	12,188,049
Reinsurance contract assets as at 31 December 2022	-	991,806	12,841,676	51,883	13,885,365
Reinsurance contract liabilities as at 31 December 2022	(1,697,316)	-	-	-	(1,697,316)
Net reinsurance contract (liabilities)/ assets as at 31 December 2022	(1,697,316)	991,806	12,841,676	51,883	12,188,049

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

**For the six months period ended 30 June 2023**

**9. Bank balances and cash**

	(Unaudited) 30 June 2023 AED	(Audited) 31 December 2022 AED
Cash on hand	103,491	117,540
<b>Bank balances:</b>		
Current accounts	26,784,980	40,436,240
Call accounts	1,494,397	1,785,189
Margin deposits	965,000	965,000
Fixed deposits	238,064,810	268,525,806
	<u>267,412,678</u>	<u>311,829,775</u>

Fixed deposits amounting to AED 144.6 million (31 December 2022: AED 140 million) (note 12) are under lien in respect of bank credit facilities granted to the Group. All fixed deposits are held in local banks in the United Arab Emirates. The interest rate on fixed deposits with banks ranges from 1.90% to 5.80% (2022: 1.90% to 5.55%) per annum.

**10. Other receivables**

	(Unaudited) 30 June 2023 AED	(Audited) 31 December 2022 AED
Staff receivables	3,691,766	4,563,957
Rent receivable	19,281,372	21,357,866
Prepayments and others	21,062,341	10,138,946
	<u>44,035,479</u>	<u>36,060,769</u>

**11. Share capital**

	(Unaudited) 30 June 2023 AED	(Audited) 31 December 2022 AED
Authorized, issued and fully paid:		
250 million ordinary shares of AED 1 each (31 December 2022: 250 million ordinary shares of AED 1 each)	<u>250,000,000</u>	<u>250,000,000</u>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

**For the six months period ended 30 June 2023**

**12. Bank borrowings**

	(Unaudited) 30 June 2023 AED	(Audited) 31 December 2022 AED
Bank overdraft	136,527,468	96,927,784
Term loans	115,010,876	124,203,923
	<u>251,538,344</u>	<u>221,131,707</u>
<b>Bank borrowings are payable as follows:</b>		
On demand or within one year	182,232,601	202,798,374
In the second year	15,080,400	10,000,000
In the third and subsequent years	54,225,343	8,333,333
	<u>251,538,344</u>	<u>221,131,707</u>
Less: Amount due for settlement within 12 months	<u>(168,899,268)</u>	<u>(202,798,374)</u>
Amount due for settlement after 12 months	<u>82,639,076</u>	<u>18,333,333</u>

Main features of bank borrowings:

- Bank loans are obtained to finance the construction of investment properties. The interest rate on term loans with banks ranges from rate 2.75% plus 1 month EIBOR to 3% plus 3 month EIBOR (2022: rate 2.75% plus 1 month EIBOR to 2.35% plus 3 month EIBOR) per annum.
- Bank overdrafts are repayable on demand and carry out interest rates ranging from 2.35% to 3.25% plus 3 months EIBOR (2022: 2.35% to 3.25% plus 3 months EIBOR) per annum.

At 30 June 2023, bank borrowings were secured by lien on fixed deposits amounting to AED 144.6 million (31 December 2022: AED 140 million) (note 9) and mortgage of investment properties with fair value of AED 842.5 million (31 December 2022: AED 842.5 million) (note 5) and assignment of rental proceeds from certain investments properties against bank credit facilities granted to the Group.

**13. Basic and diluted (loss)/ earnings per share**

	(Unaudited) Three months period ended 30 June 2023 AED	(Unaudited) Three months period ended 30 June 2022 AED	(Unaudited) Six months period ended 30 June 2023 AED	(Unaudited) Six months period ended 30 June 2022 AED
(Loss)/ profit for the period (in AED)	<u>(17,943,022)</u>	8,235,435	<u>(35,867,883)</u>	26,460,921
Weighted average number of shares	<u>250,000,000</u>	250,000,000	<u>250,000,000</u>	250,000,000
Basic and diluted (loss)/ earnings per share (in AED)	<u>(0.07)</u>	0.03	<u>(0.14)</u>	0.11

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**14. Insurance revenue**

**For the three months period ended 30 June 2023 (Unaudited)**

**Contract measured under PAA**

Insurance contract issued	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
	50,863,544	7,524,928	28,089,343	213,047,664	4,202,072	303,727,551

**For the three months period ended 30 June 2022 (Restated)**

**Contract measured under PAA**

Insurance contract issued	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
	51,489,285	8,437,984	25,594,220	143,762,846	2,910,225	232,194,560

**For the six months period ended 30 June 2023 (Unaudited)**

**Contract measured under PAA**

Insurance contract issued	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
	98,668,607	15,626,787	52,946,966	392,145,356	7,281,266	566,668,982

**For the six months period ended 30 June 2022 (Restated)**

**Contract measured under PAA**

Insurance contract issued	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
	107,669,064	15,233,128	50,251,458	282,585,827	4,913,659	460,653,136

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**15. Insurance service expense**

**For the three months period ended 30 June 2023 (Unaudited)**

**Contract measured under PAA**

Incurring claims and other expenses  
Changes to liabilities for incurred claims  
Amortization of insurance acquisition cash flows  
Losses on onerous contracts and reversals of those losses - net

	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
	49,793,096	988,888	6,379,165	239,548,908	621,077	297,331,134
	21,002,976	2,969,856	(5,705,947)	(17,585,559)	(2,120,918)	(1,439,592)
	4,522,139	708,476	648,007	4,412,050	121,203	10,411,875
	(13,372,597)	334,461	296,392	7,528,102	55,853	(5,157,789)
	61,945,614	5,001,681	1,617,617	233,903,501	(1,322,785)	301,145,628

**For the three months period ended 30 June 2022 (Restated)**

**Contract measured under PAA**

Incurring claims and other expenses  
Changes to liabilities for incurred claims  
Amortization of insurance acquisition cash flows  
Losses on onerous contracts and reversals of those losses - net

	59,799,965	6,943,495	20,757,999	99,168,526	1,566,470	188,236,455
	(7,001,735)	(2,543,120)	(11,148,110)	41,016,820	(1,159,864)	19,163,991
	5,961,903	819,186	288,293	1,319,831	3,752	8,392,965
	(966,185)	(207,437)	(933,922)	-	(51,656)	(2,159,200)
	57,793,948	5,012,124	8,964,260	141,505,177	358,702	213,634,211

**For the six months period ended 30 June 2023 (Unaudited)**

**Contract measured under PAA**

Incurring claims and other expenses  
Changes to liabilities for incurred claims  
Amortization of insurance acquisition cash flows  
Losses on onerous contracts and reversals of those losses - net

	157,938,278	9,481,019	20,488,919	418,278,593	4,848,726	611,035,535
	(11,539,095)	(536,054)	(15,805,411)	(21,788,572)	(4,967,848)	(54,636,980)
	9,461,710	1,417,583	1,500,566	13,062,042	207,575	25,649,476
	(8,453,939)	325,863	(10,256)	7,509,535	33,661	(595,136)
	147,406,954	10,688,411	6,173,818	417,061,598	122,114	581,452,895

**For the six months period ended 30 June 2022 (Restated)**

**Contract measured under PAA**

Incurring claims and other expenses  
Changes to liabilities for incurred claims  
Amortization of insurance acquisition cash flows  
Losses on onerous contracts and reversals of those losses - net

	172,989,374	11,443,921	37,067,384	265,321,726	3,511,049	490,333,454
	(40,932,719)	(6,481,858)	(12,833,518)	11,319,894	(1,438,606)	(50,366,807)
	9,838,926	1,320,069	1,386,913	6,134,299	147,434	18,827,641
	(2,739,061)	27,896	64,330	(2,187)	(1,109,154)	(3,758,176)
	139,156,520	6,310,028	25,685,109	282,773,732	1,110,723	455,036,112

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**16. Net (expense)/ income from reinsurance contracts held**

**For the three months period ended 30 June 2023 (Unaudited)**

	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
Allocation of reinsurance premiums	(19,843,599)	(2,932,990)	(25,502,342)	(160,341,024)	(3,010,923)	(211,630,878)
Amount recoverable from claims and other expenses						
Amounts recoverable for incurred claims	13,929,556	654,604	3,808,105	166,174,889	684,105	185,251,259
Changes to amounts recoverable for incurred claims	304,179	(396,084)	(5,038,429)	(3,846,809)	(1,122,054)	(10,099,197)
Amortization of insurance acquisition cash flows	(209,374)	730,728	2,011,077	8,712,072	328,622	11,573,125
Losses on onerous contracts and reversals of those losses - net	(4,346,618)	72,513	71,041	6,010,316	(567,789)	1,239,463
	9,677,743	1,061,761	851,794	177,050,468	(677,116)	187,964,650
<b>Net (expense)/ income from reinsurance contracts held</b>	<b>(10,165,856)</b>	<b>(1,871,229)</b>	<b>(24,650,548)</b>	<b>16,709,444</b>	<b>(3,688,039)</b>	<b>(23,666,228)</b>

**For the three months period ended 30 June 2022 (Restated)**

	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
Allocation of reinsurance premiums	(30,528,079)	(3,380,429)	(24,236,953)	(107,801,790)	(1,798,991)	(167,746,242)
Amount recoverable from claims and other expenses						
Amounts recoverable for incurred claims	36,246,385	2,082,402	16,323,046	179,132,290	1,784,750	235,568,873
Changes to amounts recoverable for incurred claims	(9,318,997)	(1,051,588)	(6,746,448)	(77,077,550)	(950,278)	(95,144,861)
Amortization of insurance acquisition cash flows	10,924,183	1,391,469	2,087,264	2,879,030	26,341	17,308,287
Losses on onerous contracts and reversals of those losses - net	(746,377)	(125,426)	(850,672)	170,308	(833,532)	(2,385,699)
	37,105,194	2,296,857	10,813,190	105,104,078	27,281	155,346,600
<b>Net income/ (expense) from reinsurance contracts held</b>	<b>6,577,115</b>	<b>(1,083,572)</b>	<b>(13,423,763)</b>	<b>(2,697,712)</b>	<b>(1,771,710)</b>	<b>(12,399,642)</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

<b>16. Net (expense)/ income from reinsurance contracts held (continued)</b>						
<b>For the six months period ended 30 June 2023 (Unaudited)</b>						
	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
<b>Allocation of reinsurance premiums</b>	(45,753,151)	(6,521,038)	(46,174,002)	(299,911,262)	(5,697,344)	(404,056,797)
<b>Amount recoverable from claims and other expenses</b>						
Amounts recoverable for incurred claims	40,513,605	2,199,791	7,382,516	292,432,641	3,635,414	346,163,967
Changes to amounts recoverable for incurred claims	8,290,457	(863,112)	(10,010,059)	(7,831,650)	(3,435,100)	(13,849,464)
Amortization of insurance acquisition cash flows	6,811,221	1,635,986	8,368,909	31,183,969	1,283,763	49,283,848
Losses on onerous contracts and reversals of those losses - net	(5,838,418)	87,537	(8,527)	5,995,453	(789,638)	(553,593)
	49,776,865	3,060,202	5,732,839	321,780,413	694,439	381,044,758
<b>Net income/ (expense) from reinsurance contracts held</b>	<b>4,023,714</b>	<b>(3,460,836)</b>	<b>(40,441,163)</b>	<b>21,869,151</b>	<b>(5,002,905)</b>	<b>(23,012,039)</b>
<b>For the six months period ended 30 June 2022 (Restated)</b>						
<b>Allocation of reinsurance premiums</b>	(60,667,832)	(6,633,974)	(43,959,296)	(216,205,712)	(3,441,848)	(330,908,662)
<b>Amount recoverable from claims and other expenses</b>						
Amounts recoverable for incurred claims	62,785,103	2,564,079	18,698,937	190,460,353	3,440,506	277,948,978
Changes to amounts recoverable for incurred claims	8,984,670	(2,142,753)	(2,928,669)	11,054,568	(1,889,763)	13,078,053
Amortization of insurance acquisition cash flows	23,410,380	2,750,314	11,715,879	20,070,428	452,444	58,399,445
Losses on onerous contracts and reversals of those losses - net	(2,046,718)	789	(26,736)	(1,754)	(986,687)	(3,061,106)
	93,133,435	3,172,429	27,459,411	221,583,595	1,016,500	346,365,370
<b>Net income/ (expense) from reinsurance contracts held</b>	<b>32,465,603</b>	<b>(3,461,545)</b>	<b>(16,499,885)</b>	<b>5,377,883</b>	<b>(2,425,348)</b>	<b>15,456,708</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**17. Net insurance financial result**

**For the three months period ended 30 June 2023 (Unaudited)**

	Motor AED	Marine AED	FGA AED	Medical AED	Life AED	Total AED
Insurance finance expenses from insurance contracts issued	(1,756,840)	(275,634)	(555,933)	(2,994,613)	(101,113)	(5,684,133)
Reinsurance finance income from reinsurance contracts held	521,771	244,318	352,211	2,046,192	79,314	3,243,806

**For the three months period ended 30 June 2022 (Restated)**

Insurance finance expense from insurance contracts issued	(224,098)	(23,171)	(31,552)	(769,588)	(27,499)	(1,075,908)
Reinsurance finance income from reinsurance contracts held	40,094	36,848	21,338	465,954	16,983	581,217

**For the six months period ended 30 June 2023 (Unaudited)**

Insurance finance expenses from insurance contracts issued	(5,170,506)	(867,866)	(1,702,251)	(8,636,667)	(365,860)	(16,743,150)
Reinsurance finance income from reinsurance contracts held	1,861,260	895,733	1,163,900	5,907,738	290,203	10,118,834

**For the six months period ended 30 June 2022 (Restated)**

Insurance finance income from insurance contracts issued	945,644	90,320	546,935	(389,215)	(501)	1,193,183
Reinsurance finance expense from reinsurance contracts held	(423,519)	(9,263)	(278,584)	354,357	4,571	(352,438)

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**18. Cash and cash equivalents for statements of cash flows**

	(Unaudited) 30 June 2023 AED	(Unaudited) 30 June 2022 AED
Bank balances and cash	267,412,678	286,887,672
Less: Deposits under lien	(144,587,457)	(159,490,329)
Fixed deposits on maturity of more than three months	(93,477,353)	(68,474,973)
Margin deposits	(965,000)	(965,000)
	<u>28,382,868</u>	<u>57,957,370</u>

**19. Lease liabilities**

Lease liabilities are presented in the statement of financial position as follows:

	(Unaudited) 30 June 2023 AED	(Audited) 31 December 2022 AED
Current	4,203,691	4,304,714
Non-current	2,947,241	4,977,083
	<u>7,150,932</u>	<u>9,281,797</u>

The Group has leases for the offices all in UAE. Each lease is reflected on the statement of financial position as a right-of-use assets and lease liabilities. The Group classifies its right-of-use assets in a consistent manner to its property and equipment.

Right-of-use assets	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
Offices	24	2 to 3 years	2 years	24	24

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2023 and 31 December 2022 are as follows:

	Minimum lease payments due		
	Within 1 year AED	1-2 year AED	Total AED
<b>30 June 2023</b>			
Lease payments	4,411,344	3,001,344	7,412,688
Finance charges	(207,653)	(54,103)	(261,756)
Net present value	<u>4,203,691</u>	<u>2,947,241</u>	<u>7,150,932</u>
<b>31 December 2022</b>			
Lease payments	4,597,623	5,113,878	9,711,501
Finance charges	(292,909)	(136,795)	(429,704)
Net present value	<u>4,304,714</u>	<u>4,977,083</u>	<u>9,281,797</u>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**20. Segment information**

The Group is organized into two business segments: underwriting and investments. The underwriting segment incorporates motor insurance, marine insurance, FGA insurance, medical insurance, and life insurance.

Investments segment includes investments in equity securities, investment properties and fixed deposit.

These segments are the basis on which the Group reports its primary segment information to the Chief Operating decision maker. There are no transactions between the business segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 to the annual audited consolidated financial statements of the Group.

a) *Segment consolidated statement of financial position is as follows:*

	(Unaudited) 30 June 2023			(Unaudited) 31 December 2022		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	178,129,986	1,160,109,260	1,338,239,246	192,901,363	1,190,705,352	1,383,606,715
Unallocated assets	-	-	78,124,870	-	-	83,770,200
<b>Total</b>	<b>178,129,986</b>	<b>1,160,109,260</b>	<b>1,416,364,116</b>	<b>192,901,363</b>	<b>1,190,705,352</b>	<b>1,467,376,915</b>
Segment liabilities	486,590,796	121,066,142	607,656,938	528,297,381	132,084,903	660,382,284
Unallocated liabilities	-	-	214,627,583	-	-	178,931,372
<b>Total</b>	<b>486,590,796</b>	<b>121,066,142</b>	<b>822,284,521</b>	<b>528,297,381</b>	<b>132,084,903</b>	<b>839,313,656</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**20. Segment information (continued)**

*b) Segment consolidated statement of income is as follows:*

**For the six months period ended 30 June 2023 (Unaudited)**

	Motor AED	Marine AED	Underwriting			Life AED	Total AED	Investments AED	Total AED
			FGA AED	Medical AED					
Insurance revenue	98,668,607	15,626,787	52,946,966	392,145,356		7,281,266	566,668,982		566,668,982
Insurance service expenses	(147,406,954)	(10,688,411)	(6,173,818)	(417,061,598)		(122,114)	(581,452,895)		(581,452,895)
Net income from reinsurance contracts held	4,023,714	(3,460,836)	(40,441,163)	21,869,151		(5,002,905)	(23,012,039)		(23,012,039)
Net insurance financial result	(3,309,246)	27,867	(538,351)	(2,728,929)		(75,657)	(6,624,316)		(6,624,316)
<b>Segment result</b>	<b>(48,023,879)</b>	<b>1,505,407</b>	<b>5,793,634</b>	<b>(5,776,020)</b>		<b>2,080,590</b>	<b>(44,420,268)</b>	<b>19,644,126</b>	<b>(24,776,142)</b>
Unallocated costs									(11,091,741)
<b>Loss for the period</b>									<b>(35,867,883)</b>

**For the six months period ended 30 June 2022 (Restated)**

	Motor AED	Marine AED	Underwriting			Life AED	Total AED	Investments AED	Total AED
			FGA AED	Medical AED					
Insurance revenue	107,669,064	15,233,128	50,251,458	282,585,827		4,913,659	460,653,136		460,653,136
Insurance service expenses	(139,156,520)	(6,310,028)	(25,685,109)	(282,773,732)		(1,110,723)	(455,036,112)		(455,036,112)
Net income from reinsurance contracts held	32,465,603	(3,461,545)	(16,499,885)	5,377,883		(2,425,348)	15,456,708		15,456,708
Net insurance financial result	522,125	81,057	268,351	(34,858)		4,070	840,745		840,745
<b>Segment result</b>	<b>1,500,272</b>	<b>5,542,612</b>	<b>8,334,815</b>	<b>5,155,120</b>		<b>1,381,658</b>	<b>21,914,477</b>	<b>14,290,866</b>	<b>36,205,343</b>
Unallocated costs									(9,744,422)
<b>Profit for the period</b>									<b>26,460,921</b>

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

For the six months period ended 30 June 2023

**21. Related party balances and transactions**

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

**21.1 Due from/to related parties**

At the end of reporting period, amounts due from/to related parties included under due from policy holders and gross outstanding claims from Board of Directors, affiliated companies and key management staff were as follows:

	(Unaudited) 30 June 2023 AED	(Unaudited) 31 December 2022 AED
Due from policy holders	5,756,221	5,458,181
Gross outstanding claims	<u>784,825</u>	<u>997,311</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received and no expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

**21.2 Transactions with related parties**

During the period, the Group entered into the following transactions with Board of Directors, affiliated companies and key management staff:

	(Unaudited) Three months period ended 30 June 2023 AED	(Unaudited) Three months period ended 30 June 2022 AED	(Unaudited) Six months period ended 30 June 2023 AED	(Unaudited) Six months period ended 30 June 2022 AED
Insurance revenue	600,511	466,477	2,902,142	2,588,614
Claims paid	<u>414,407</u>	<u>422,364</u>	<u>1,148,732</u>	<u>1,044,848</u>

**Compensations of key management staff and Board of Directors**

	(Unaudited) Three months period ended 30 June 2023 AED	(Unaudited) Three months period ended 30 June 2022 AED	(Unaudited) Six months period ended 30 June 2023 AED	(Unaudited) Six months period ended 30 June 2022 AED
Key management staff:				
Short term benefits	1,114,696	1,127,196	2,229,392	2,254,392
Long term benefits	56,051	48,551	113,443	106,843
Board of directors' remuneration	<u>-</u>	<u>1,050,000</u>	<u>-</u>	<u>1,050,000</u>

**22. Seasonality of results**

Investment income includes dividend income of AED 2,739,195 for the six months period ended 30 June 2023 (six months period ended 30 June 2022: AED 1,081,348), which is of a seasonal nature.

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**23. Commitments and contingent liabilities**

	(Unaudited) 30 June 2023 AED	(Audited) 31 December 2022 AED
Letters of guarantee	<u>5,777,274</u>	<u>15,060,468</u>

**Legal claims**

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, doesn't believe that the outcome of these court cases will have a material impact on the Group's income or financial condition.

**24. Fair value measurement**

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 Group 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.

**Fair value of financial instruments carried at amortised cost**

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated interim financial information approximate their fair values.

**Valuation techniques and assumptions applied for the purposes of measuring fair value**

The fair values of financial and non-financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2022.

**Fair value of the Group's financial assets that are measured at fair value on recurring basis**

Some of the Group'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:

Financial assets	Fair value as at (Unaudited) 30 June 2023 AED	(Audited) 31 December 2022 AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity securities – FVTOCI	56,722,480	54,781,082	Level 1	Quoted bid prices in an active market.	None.	NA.
Unquoted equity securities – FVTOCI	3,478,098	3,478,098	Level 3	Net assets valuation method	Net assets value.	Higher the net assets value of the investees, higher the fair value.
	<u>60,200,578</u>	<u>58,259,180</u>				

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**  
**For the six months period ended 30 June 2023**

**24. Fair value measurement (continued)**

Fair value measurements recognised in the condensed consolidated interim statement of financial position

The following table provides an analysis of financial assets and non-financial assets 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).

**30 June 2023 (Unaudited)**

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets at FVTOCI</b>				
Quoted equities	56,722,480	-	-	56,722,480
Unquoted equities	-	-	3,478,098	3,478,098
Investment properties	-	-	842,562,500	842,562,500
	<u>56,722,480</u>	<u>-</u>	<u>846,040,598</u>	<u>902,763,078</u>

**31 December 2022 (Audited)**

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>Financial assets at FVTOCI</b>				
Quoted equities	54,781,082	-	-	54,781,082
Unquoted equities	-	-	3,478,098	3,478,098
Investment properties	-	-	842,562,500	842,562,500
	<u>54,781,082</u>	<u>-</u>	<u>846,040,598</u>	<u>900,821,680</u>

There was no transfer between the 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.

Movement of level 3 instruments is as below:

**30 June 2023 (Unaudited)**

	Opening balance AED	Additions/ (Disposals) AED	Change in fair value AED	Ending balance AED
Investment properties	842,562,500	-	-	842,562,500
<i>Financial assets at FVTOCI</i>				
Unquoted equities	3,478,098	-	-	3,478,098

**31 December 2022 (Audited)**

Investment properties	836,553,000	4,967,982	1,041,518	842,562,500
<i>Financial assets at FVTOCI</i>				
Unquoted Equity securities	3,478,098	-	-	3,478,098

**Al Buhaira National Insurance Company P.S.C. and its Subsidiary**  
**Condensed consolidated interim financial information (Unaudited)**

**Notes to the condensed consolidated interim financial information (continued)**

**For the six months period ended 30 June 2023**

**25. 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 Group is subject to solvency regulations which it has not complied with during the period. The Group 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 Group and the total capital held to meet these required Solvency Margins.

The following disclosure has been prepared based on financial information prepared in accordance with IFRS 4.

	(Unaudited) 30 June 2023 AED	(Audited) 31 December 2022 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	305,932,871	253,690,972
Minimum Guarantee Fund (MGF)	101,977,624	84,563,657
Basic Own Funds	156,827,724	208,030,093
Ancillary Own Funds	103,200,000	103,200,000
MCR Solvency Margin – Surplus	56,827,724	108,030,093
SCR Solvency Margin – (Deficit)/ Surplus	(97,505,146)	5,939,121
MGF Solvency Margin – Surplus	106,450,101	175,066,436

**26. Dividends**

During the period, the Board of Directors has decided not to propose any dividend for year 2022, this was approved by the shareholders at the Annual General Meeting held on 29 April 2023 (30 June 2022: dividend AED 25 million and Board of Directors' remuneration AED 1,050,000 for year 2021).

**27. Subsequent events**

There have been no events subsequent to the condensed consolidated interim financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the six months period ended 30 June 2023.

**28. Approval of condensed consolidated interim financial information**

The condensed consolidated interim financial information was approved by the Board of Directors and authorized for issue on 14 August 2023.