DUBAI ISLAMIC INSURANCE & REINSURANCE COMPANY (AMAN) (P.J.S.C)

INDEPENDENT AUDITOR’S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)

Directors' report, independent auditor's report and consolidated financial statements for the year ended 31 December 2022

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AMAN

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28 March 2023

Dubai Islamic Insurance & Reinsurance Company (Aman) (PJSC)
Board of Directors' report

The Board of Directors has pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2022.

Incorporation and registered offices

Dubai Islamic Insurance & Reinsurance Company (Aman) (PJSC) is registered as a public shareholding company in Dubai, United Arab Emirates. The Company carries out general Takaful (insurance) business in accordance with the principles of Islamic Sharia'a as interpreted by its Fatwa and Sharia Board. The Company is also licensed to engage in Retakaful and life Takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates.

Principal activities

The Company mainly issues Takaful contracts in connection with motor, marine, fire and engineering, general accident risks and medical risks (collectively known as general Takaful), group life, credit life and individual life. The Company also invests in investment securities and properties.

Financial position and results

The financial position and results of the Group for the year ended 31 December 2022 are set out in the accompanying consolidated financial statements.

Directors

The following were the Directors of the Group for the year ended 31 December 2022:

– Dr. Saleh Hashem Sayed Al Hashimi	Chairman
– Mr. Mohammed Ahmed Abdulla Mohammed Al Malik	Vice Chairman
– Mr. Naser Falah Hamood Jarra Al Qahtani	Member
– Ms. Maha Khadem Khalfan Khadem Al Mheiri	Member
– Mr. Omran Mohammed Saleh Mahmood Husain Al Khoori	Member

Auditors

The consolidated financial statements for the year ended 31 December 2022 have been audited by Ernst & young Middle East, Dubai Branch.

By order of the Board of Directors

Dr. Saleh Hashem Sayed Al Hashimi
Chairman

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DUBAI ISLAMIC INSURANCE & REINSURANCE COMPANY (AMAN) PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Dubai Islamic Insurance & Reinsurance Company (AMAN) PJSC (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1.1 to the consolidated financial statements which states that the Group has incurred losses of AED 10,162 thousand for the year ended 31 December 2022 and, as of that date, the accumulated losses have reached to AED 146,705 thousand which make 65% of share capital, the group did not meet the Minimum Capital Requirements as of 31 December 2022 and that the Group's ability to continue as going concern depends on the successful execution of the proposed business plan. Further, subsequent to the period, the shareholders of the Group have approved to change the status of the Group form takaful operator to an investment firm. As stated in note 1.1, these factors, along with other matters set forth in note 1.1, indicates that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements in their report dated 31 March 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current year, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DUBAI ISLAMIC INSURANCE & REINSURANCE COMPANY (AMAN) PJSC (continued)

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
Valuation of takaful contract liabilities and retakaful contract assets	
As at 31 December 2022, takaful contract liabilities and retakaful contract assets amounted to AED 1,037 million and AED 144 million (2021: AED 1,094 million and AED 124 million) respectively. We focused on these balances because of the complexity involved in the estimation process, and the significant judgements that management and the directors make in determining the appropriateness and adequacy of the liability. The liabilities which includes claims reported and not settled and incurred but not reported are based on a best-estimate of the ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. A range of methods may be used to determine these provisions. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Retakaful assets are recognised when the related gross takaful liability is recognised according to the terms of the relevant retakaful contracts and their recoverability is subject to the probability of default and probable losses in the event of default by respective retakaful counterparties. Note 7 to these consolidated financial statements describes the elements that make up the takaful contract liabilities and retakaful contract assets.	The work that we preformed to address this key audit matter included the following procedures: • The evaluation and testing of key controls around the claims handling and reserve setting processes of the Group along with the recognition and release of retakaful assets. We examined evidence of the operation of controls over the valuation of individual claims reserves, such as large loss review controls and internal peer reviews (whereby reviewers examine documentation supporting claims reserves and consider if the amount recorded in the financial statements is valued appropriately). • We checked samples of claims reserves and the respective share of reinsurance assets, through comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss adjusters and where relevant inspection of the Group's correspondence with lawyers and reinsurers where the claim are under investigation. • We reviewed management's reconciliation of the underlying group data recorded in the policy administration systems with the data used in the actuarial reserving calculations. • We tied the takaful contract liabilities and retakaful assets as recommended by the Group's actuary to the liabilities and assets in the consolidated financial statements. • We involved our actuarial specialist team members, to apply industry knowledge and experience and we compared the methodology, models and assumptions used against recognised actuarial practices. • We obtained the retakaful treaty summary for the year and verified the details in the summary to the respective agreements. • We reviewed the ratios of retakaful assets to related takaful contract liabilities to identify any variance from retakaful treaty arrangements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DUBAI ISLAMIC INSURANCE & REINSURANCE COMPANY (AMAN) PJSC (continued)

Other information

Other information consists of the information included in the Board of Directors' Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Company's Articles of Association and of the UAE Federal Law No. (32) of 2021 and UAE Federal Law No. 6 of 2007, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DUBAI ISLAMIC INSURANCE & REINSURANCE COMPANY (AMAN) PJSC (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DUBAI ISLAMIC INSURANCE & REINSURANCE COMPANY (AMAN) PJSC (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. 32 of 2021, we report that for the year ended 31 December 2022:

i) the Group has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. 32 of 2021;

iv) the financial information included in the Board of Directors' report is consistent with the books of account and records of the Group;

v) as disclosed in note 9 to the financial statements, the Group has investment in securities as at 31 December 2022;

vi) note 28 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or its Articles of Association, which would have a material impact on its activities or its financial position as of 31 December 2022; and

viii) the Group has no social contributions made during the year.

Further, as required by the U.A.E. Federal Law No. 6 of 2007 (as amended) and the related Financial Regulations for Insurance Companies, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit. Group is in noncompliance with the solvency requirements as mentioned in note 32.

For Ernst & Young

Signed by:
Wardah Ebrahim
Partner
Registration No. 1258

31 March 2023

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 AED	2021 AED
ASSETS			
Cash and cash equivalents	5.1	**132,823,578**	88,039,122
Wakala deposits with banks with original maturities of more than three months	5.2	-	10,000,000
Statutory deposit	6	**10,000,000**	10,000,000
Retakaful contract assets			
Unearned contribution and unexpired risk reserves	7	**32,746,791**	27,536,803
Claims reported unsettled	7	**76,039,891**	63,804,981
Mathematical reserve	7	**4,336,681**	784,307
Claims incurred but not reported	7	**30,915,329**	31,996,117
Takaful receivables	8	**63,492,354**	50,103,381
Financial assets measured at fair value through other comprehensive income (FVOCI)	9	**31,384,607**	70,241,104
Financial assets measured at fair value through profit or loss (FVTPL)	9	**782,392,847**	909,913,305
Prepayments and other receivables	10	**48,846,449**	9,101,920
Deferred policy acquisition costs	19	**8,698,704**	10,532,066
Investment property	11	**50,000,000**	56,896,500
Property and equipment	12	**150,018**	237,424
Assets under discontinued operations	31	**1,583,321**	1,583,321
TOTAL ASSETS		**1,273,410,570**	1,340,770,351
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Trade and other payables	14	**50,071,273**	57,375,515
Takaful payables	15	**83,640,006**	59,067,328
Takaful contract liabilities			
Unearned contribution and unexpired risk reserves	7	**96,363,273**	89,999,681
Claims reported unsettled	7	**95,298,668**	84,155,390
Mathematical reserve	7	**7,189,832**	2,470,951
Claims incurred but not reported	7	**52,142,087**	49,954,086
Unallocated loss adjustment expenses	7	**3,521,639**	3,673,555
Unit linked liabilities	7	**782,291,146**	863,256,172
Murabaha payable	13	-	15,228,543
Deferred discount	19	**5,050,033**	5,744,747
Amounts held under retakaful treaties		**7,198,798**	6,753,321
Liabilities directly associated with assets under discontinued operations		**12,947,356**	12,947,356
Total liabilities before takaful operations' surplus		**1,195,714,111**	1,250,626,645
Surplus in takaful operations' fund	38	-	4,931,803
Total liabilities		**1,195,714,111**	1,255,558,448
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	17	**225,750,000**	225,750,000
Legal reserve	18	**6,309,669**	6,309,669
General reserve	18	**6,309,669**	6,309,669
Accumulated losses		**(146,704,914)**	(78,961,422)
Investment revaluation reserve – FVOCI	9.2	**(15,431,585)**	(74,975,644)
Retakaful placement provision	38	**2,789,593**	2,106,721
Equity attributable to shareholders of the parent		**79,022,432**	86,538,993
Non-controlling interest		**(1,325,973)**	(1,327,090)
Total equity		**77,696,459**	85,211,903
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,273,410,570**	1,340,770,351

The attached notes 1 to 44 form part of these consolidated financial statement. These consolidated financial statements were authorised for issue on 28 March 2023 by the Board of Directors and signed on its behalf by:

Rached Diab
Chief Executive Officer

Dr. Saleh Hashem Sayed Al Hashimi
Chairman of the Board of Directors

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2022

	Notes	2022 AED	*2021 AED*
Takaful income			
Gross takaful contributions	20	**253,541,442**	249,455,606
Retakaful share of gross takaful contributions	20	**(136,573,840)**	(134,805,428)
Net takaful contributions written		**116,967,602**	114,650,178
Change in unearned contributions and unexpired risk reserves – net		**(1,153,604)**	(12,036,926)
Change in mathematical reserve – net	7.3	**(1,166,507)**	460,925
Net takaful contributions earned		**114,647,491**	103,074,177
Discount received on ceded retakaful	19	**16,995,865**	17,415,921
Policy fees	22	**686,302**	9,077,821
Total takaful income		**132,329,658**	129,567,919
Takaful expenses			
Gross claims paid		**(137,512,703)**	(107,974,404)
Retakaful share of gross claims paid		**40,844,341**	37,501,886
Net takaful claims		**(96,668,362)**	(70,472,518)
Change in provision for claims reported unsettled – net		**1,091,632**	(6,428,481)
Change in incurred but not reported claims – net		**(3,268,789)**	7,144,350
Change in unallocated loss adjustment expenses reserve		**151,916**	(1,329,559)
Net claims incurred		**(98,693,603)**	(71,086,208)
Policy acquisition cost	19	**(28,613,645)**	(24,602,878)
Total takaful expenses		**(127,307,248)**	(95,689,086)
Net takaful income		**5,022,410**	33,878,833
Investment income	23	**77,627**	7,349,308
General and administrative expenses	24	**(27,219,787)**	(30,131,071)
Other operating income		**7,747,892**	-
(Loss) / Profit for the year from continuing operations		**(14,371,858)**	11,097,070
Loss for the year from discontinued operations	30	**(38,831)**	(5,677)
(Loss) / Profit for the year before attribution		**(14,410,689)**	11,091,393
Deficit from takaful operations for the year	42	**34,825,587**	16,302,700
Contributions from Qard Hassan to takaful operations	38	**(30,576,654)**	(15,104,360)
(Loss) / Profit for the year		**(10,161,756)**	12,289,733
Attributable to:			
Shareholders of the parent		**(10,162,873)**	12,290,301
Non-controlling interest		**1,117**	(568)
		(10,161,756)	12,289,733
(Loss) / Earnings per share	25	**(0.045)**	0.054

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	AED	AED
(Loss) / Profit for the year	**(10,161,756)**	12,289,733
Other comprehensive (loss) / income		
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets carried at fair value through other comprehensive income	**2,443,438**	8,503,456
Total comprehensive (loss) / income for the year	**(7,718,318)**	20,793,189
Attributable to:		
Shareholders of the parent	**(7,719,435)**	20,793,757
Non-controlling interest	**1,117**	(568)
	(7,718,318)	20,793,189

The separate consolidated statements of income and comprehensive income for the takaful operations and the shareholders is shown in note 42(a) and 42(b).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 December 2022

	Share capital AED	Legal reserve AED	General reserve AED	Accumulated losses AED	Investments revaluation reserve – FVOCI AED	Retakaful placement provision AED	Equity attributable to shareholders of the parent AED	Non-controlling interest AED	Total equity AED
Balance at 1 January 2021	225,750,000	5,080,128	5,080,128	(88,293,501)	(83,479,100)	1,311,762	65,449,417	(1,326,522)	64,122,895
Profit for the year	-	-	-	12,290,301	-	-	12,290,301	(568)	12,289,733
Other comprehensive income for the year	-	-	-	-	8,503,456	-	8,503,456	-	8,503,456
Total comprehensive income for the year	-	-	-	12,290,301	8,503,456	-	20,793,757	(568)	20,793,189
Transfer during the year from takaful operations' surplus – note 38	-	-	-	-	-	674,027	674,027	-	674,027
Adjustment of retakaful placement provision	-	-	-	-	-	120,932	120,932	-	120,932
Transfer to legal and general reserve	-	1,229,541	1,229,541	(2,459,082)	-	-	-	-	-
Zakat	-	-	-	(499,140)	-	-	(499,140)	-	(499,140)
Balance at 31 December 2021	225,750,000	6,309,669	6,309,669	(78,961,422)	(74,975,644)	2,106,721	86,538,993	(1,327,090)	85,211,903
Balance at 1 January 2022	225,750,000	6,309,669	6,309,669	(78,961,422)	(74,975,644)	2,106,721	86,538,993	(1,327,090)	85,211,903
Loss for the year	-	-	-	(10,162,873)	-	-	(10,162,873)	1,117	(10,161,756)
Other comprehensive income for the year	-	-	-	-	2,443,438	-	2,443,438	-	2,443,438
Total comprehensive loss for the year	-	-	-	(10,162,873)	2,443,438	-	(7,719,435)	1,117	(7,718,318)
Transfer during the year from takaful operations' surplus (note 38)	-	-	-	-	-	682,872	682,872	-	682,872
Transfer of realised loss from fair value reserve to accumulated losses on disposal of investments carried at FVTOCI (note 9.2)	-	-	-	(57,100,621)	57,100,621	-	-	-	-
Zakat	-	-	-	(479,998)	-	-	(479,998)	-	(479,998)
Balance at 31 December 2022	**225,750,000**	**6,309,669**	**6,309,669**	**(146,704,914)**	**(15,431,585)**	**2,789,593**	**79,022,432**	**(1,325,973)**	**77,696,459**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022 AED	2021 AED
Cash flows from operating activities		
(Loss) / profit for the year	**(10,161,756)**	12,289,733
Adjustments for:		
Depreciation of property and equipment	**120,095**	136,417
(Gain) / loss on investments measured at FVTPL, net	**(4,829,861)**	6,597,862
Loss / (gain) on revaluation of investment property	**6,896,500**	(2,146,500)
Dividend income	**(1,977,736)**	(11,145,681)
Provision for employees' end of service benefits	**1,177,256**	721,555
Profit income	**(77,795)**	(287,439)
Rental income	**(467,924)**	-
Impairment on financial assets	-	(1,841,738)
	(9,321,221)	4,324,209
Changes in operating assets and liabilities:		
Retakaful contract assets	**(19,916,484)**	2,865,861
Takaful receivables	**(13,388,973)**	8,965,147
Prepayments and other receivables	**(39,970,437)**	(2,030,506)
Takaful contract liabilities	**24,261,836**	33,169,023
Amounts held under retakaful treaties	**445,477**	378,405
Takaful payables	**24,572,678**	3,775,746
Trade and other payables	**(5,534,348)**	(12,079,015)
Deferred policy acquisition costs	**(694,714)**	(2,889,192)
Surplus in takaful operations' fund	**1,833,362**	(1,938,998)
Due from related parties	-	5,142,234
Due to related parties	-	(272,814)
Deferred discount	-	(712,151)
Liabilities directly associated with assets under discontinued operations	-	(75,000)
Cash (used in) / generated from operations	**(37,712,824)**	38,622,649
Employees' end of service benefits paid	**(1,919,909)**	(419,961)
Net cash generated (used in) / from operating activities	**(39,632,733)**	38,202,988
Cash flows from investing activities		
Purchase of property and equipment	**(32,690)**	(92,088)
Investment in wakala deposits with banks with original maturity of more than three months	**10,000,000**	(10,000,000)
Purchase of investments in financial assets measured at FVTPL	-	(18,381,654)
Purchase of investments in financial assets measured at FVOCI	**(41,910,827)**	(3,493,149)
Sale of investments in financial assets measured at FVTPL	**83,278,090**	-
Sale of investments in financial assets measured at FVOCI	**51,485,292**	-
Profit income received	**77,795**	287,439
Dividend income received	**1,977,736**	11,145,681
Policyholders' investments revaluation reserve	**(4,931,803)**	-
Maturity of wakala deposits with banks with original maturity of more than three months	-	60,000,000
Net increase in unit linked investments	-	(23,845,193)
Net cash generated from investing activities	**99,943,593**	15,621,036
Cash flows from financing activities		
Murabaha Payable	**(15,228,543)**	(11,063)
Zakat paid	**(295,000)**	(332,974)
Due to bank	-	(19,981,327)
Net cash used in financing activities	**(15,523,543)**	(20,325,364)
Net increase in cash and cash equivalents	**44,787,317**	33,498,660
Cash and cash equivalents at the beginning of the year	**89,065,720**	55,567,060
Cash and cash equivalents at the end of the year	**133,853,037**	89,065,720

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents are analysed as follows:

Cash and cash equivalents - note 5.1	**132,844,061**	88,056,744
Cash and cash equivalents included in assets under discontinued operations - note 31	**1,008,976**	1,008,976
	133,853,037	89,065,720

Cash and cash equivalents are before the provision for impairment as per IFRS 9 as disclosed in note 5.

1 GENERAL INFORMATION

Dubai Islamic Insurance & Reinsurance Company (Aman) (P.J.S.C.) (the "Company") is registered as a public shareholding company in Dubai, United Arab Emirates. The Company carries out general takaful, retakaful and life takaful business in accordance with the teachings of Islamic Sharia'a. The Company is also licensed to engage in retakaful and life Takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates (UAE) and operates through its branches in Dubai, Abu Dhabi and Sharjah. The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates.

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003. The Company issues short term takaful contracts in connection with motor, marine, fire and engineering, general accident and medical risks and life takaful risks. The Company also invests in investment securities and properties.

The Company's business activities are subject to the supervision of its Fatwa and Sharia'a Board (the "Board") consisting of three members appointed by the shareholders. The Board performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia'a rules and principles.

The Company with its subsidiaries are together referred to as the "Group" in this consolidated financial statements. At 31 December 2022 and 2021, the Company had the following subsidiaries:

Name of subsidiary	*Place of incorporation (or registration) and operation*	*Proportion of ownership profit*	*Proportion of voting power held*	*Principal activity*	*Status*
		%	%		
Nawat Investments L.L.C.	United Arab Emirates	**100.00**	100.00	Investment in commercial, industrial and agricultural enterprises and management	No operations
Technik Auto Service Centre Co. L.L.C	United Arab Emirates	**100.00**	100.00	Vehicles' repair services	Under liquidation
Amity Health L.L.C.	United Arab Emirates	**90.00**	90.00	Medical billing services	Under liquidation

The ex-Vice Chairman of the Group holds 1% of Nawat Investments L.L.C. and 1% of Technik Auto Service Centre Co. L.L.C on behalf and for the benefit of the Group. The Group did not make social contributions during the year ended 31 December 2022.

The Company is registered under the UAE Federal Law No. (32) of 2021 relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of the Central Bank of the United Arab Emirates ("CBUAE") (formerly, the UAE Insurance Authority ("IA")) under registration number 070.

Federal Decree Law No. (24) of 2021 which amends certain provisions of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations was issued on 27 September 2021 and the amendments came into effect on 2 January 2022. Effective 2 January 2022, the Insurance Sector became under the supervision and authority of the Central Bank of the United Arab Emirates ("CBUAE").

1.1 ASSESSMENT OF GOING CONCERN ASSUMPTION

During the year ended 31 December 2022, the Group has incurred loss of AED 10.1 million, as of that date, the Group's accumulated losses amounted to AED 146.7 million which are around 65% of the share capital of the Group. And as mentioned in the note 32 of these consolidated financial statements the Group has a solvency deficit of AED 141 million. To address the solvency deficit the Group's management prepared a solvency recovery plan considering the potential capital injection from shareholders which could not be executed successfully.

As disclosed in note 40, in the subsequent period the Group has initiated the portfolio transfer agreements (PTA) with two external parties and in general assembly meeting held on 6 February 2023 the shareholders of the Group have approved to initiate the process of exit from the insurance business and change the company from a takaful operator to an investment firm. Management expects the cash inflow of AED 50 million in case of successful execution of the portfolio transfer agreements.

Based on the Group's expectation related to the forecasts and business plan in place, management believe that the Group will be able to operate and comply with the solvency requirements and will be able to meet its obligations as they fall due, and accordingly have formed a judgement that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New standards and interpretations effective after 1 January 2022

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to 'Interest Rate Benchmark Reform - Phase 2, that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates;
- Amendments relating to IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;
- Amendment to IFRS 16 ‘Leases’ to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022.

2.2 New and revised IFRS standards and interpretations but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s consolidated financial statements are disclosed below.

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current. Effective for annual period beginning on or after 1 January 2023.
- Amendments to IAS 8: Definition of Accounting Estimates. Effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies. Effective for annual period beginning on or after 1 January 2023 with earlier application permitted.
- IFRS 17: Insurance Contracts. Effective for annual period beginning on or after 1 January 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 17, mentioned below, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

Management anticipates that IFRS 17 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2023. The application of IFRS 17 may have significant impact on amounts reported and disclosures made in the Group’s consolidated financial statements in respect of its insurance contracts. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review. Further, as stated in note 40 to these consolidated financial statements the shareholders have resolved to change the status of the company subject to regulatory approvals hence the management has not initiated the review process to adopt the IFRS 17.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to each years presented, unless otherwise stated.

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) applicable to companies reporting under IFRS and the applicable requirements of United Arab Emirates (U.A.E.) Federal Law No. (32) of 2021, and United Arab Emirates (U.A.E.) Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and the Financial Regulations for Insurance Companies issued by the Central Bank of the United Arab Emirates (“CBUAE”) (formerly, the UAE Insurance Authority (“IA”)). The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (“IASB”).

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation
The consolidated financial statements have been prepared on the historical cost basis except for, provision for employees' end of service benefits which is measured using the projected unit method under IAS 19, and the following which are measured at fair value

- Financial assets measured at fair value through profit or loss (FVTPL);
- Financial assets measured at fair value through other comprehensive income (FVOCI);
- Investment property; and
- Unit linked liabilities.

Historical cost is generally based on the fair value of the consideration given in exchange for assets, goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value such as value in use in IAS 36.

The Group's consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: Cash and cash equivalents, financial assets measured at FVTPL, prepayments and other receivables, due from related parties, takaful receivables, wakala deposits with banks with original maturities of more than three months, assets under discontinued operations, due to bank, murabaha payable, due to related parties, trade and other payables, takaful payables, amounts held under retakaful treaties and liabilities directly associated with assets under discontinued operations. The following balances would generally be classified as non-current: statutory deposit, investment property, and property and equipment. The following balances are of mixed nature (including both current and non-current portions): financial assets measured at FVTOCI, retakaful contract assets, deferred policy acquisition costs, takaful contract liabilities and deferred discount.

The consolidated financial statements are presented in Arab Emirates Dirham (AED). The principal accounting policies are set out below.

Basis of consolidation
These consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group. Control is achieved where the Group has:

- Power over an investee,
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of the investor's returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders and other parties;
- Rights raising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns and previous shareholders' meetings.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)
Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the financial period are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)
When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 and IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit and loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in consolidated statement of comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Product classification
Takaful contracts are those contracts where a group of participants (the policyholders) mutually cover one another against prescribed uncertain future events of loss or damage. The Group acts as an agent (Wakil) on their behalf in managing the Islamic Takaful operations, in consideration of a Wakala fee. Wakala fee is charged on gross Takaful contributions where the Group retained significant risk on such contributions. No Wakala fee is charged on those Takaful contributions where they retain insignificant risk. The Takaful amounts (contributions) paid net of the Wakala fee are considered as Mudaraba capital, where the Group acts as Mudarib, investing these funds in consideration of a pre-agreed share of the realised profit or loss, if any. The policyholders further donate their contributions (tabarru) to those other policyholders who suffer a prescribed event of loss or damage, payable per the policies of the Group, in its capacity as an agent.

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable provided in case of a non-financial variable, that the variable is not specific to a party to the contract.

Once a contract has been classified as a Takaful contract, it remains as a Takaful contract for the remainder of its lifetime, even if the Takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. An investment contract can however be classified as a takaful contract after its inception if the takaful risk becomes significant. The policyholder bears the financial risk relating to some takaful contracts or investment contracts. Such products are usually called unit-linked contracts.

Gross takaful contributions
Gross takaful contributions comprise the total contributions receivable for the whole period of cover provided by Takaful contracts entered into during the accounting period and are recognised on the date on which the Takaful policy incepts. Contributions include any adjustments arising in the accounting period for contributions receivable in respect of Takaful contracts executed in prior accounting periods. Contributions collected by intermediaries but not yet received, are assessed based on estimates from Takaful operations or past experience and are included in Takaful contributions.

Unearned contributions are those proportions of contributions written in a year that relate to periods of risk after the reporting date. The proportion attributable to subsequent periods is deferred as a provision for unearned contributions.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Claims
Claims consist of amounts paid and payable to Takaful contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to income as incurred. Provision for incurred but not reported claims is included within the Claims reported unsettled and reflected in the consolidated income statement. The Group generally estimates its claims based on previous experience. Independent loss adjusters normally estimate claims. Any difference between the provisions at the end of each reporting date and settlements in the following period is included in the underwriting account for that period.

Retakaful
The Group cedes Takaful risk in the normal course of business for all of its businesses. Retakaful assets represent balances due from Retakaful companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the Retakaful contracts.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the Retakaful can be measured reliably. The impairment loss is recorded in the consolidated statement of profit or loss. Ceded Retakaful arrangements do not relieve the Group from its obligations to policyholders.

Ceded retakaful arrangements do not relieve the Group from its obligations to participants.

The Group also assumes reinsurance risk in the normal course of business for takaful contracts where applicable. Contributions and claims on assumed retakaful are recognised as income and expenses in the same manner as they would be if the retakaful were considered direct business, taking into account the product classification of the reinsured business. Retakaful liabilities represent balances due to retakaful companies. Amounts payable are estimated in a manner consistent with the associated retakaful contract.

Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

Gross retakaful contribution written comprise the total contribution payable for the whole cover provided by contracts entered into during the period and are recognised on the inception date of the policy. Contributions include any adjustments arising in the accounting period in respect of retakaful contracts incepting in prior accounting periods. Unearned retakaful contributions are those proportions of contribution written in a year that relate to periods of risk after the reporting date.

Unearned retakaful contributions are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the retakaful contract for losses occurring contracts. Gross retakaful contribution on life are recognised as an expense on the earlier of the date when contribution are payable or when the policy becomes effective.

Retakaful share of claims are recognised when the related gross claim is recognised according to the terms of the relevant contract. Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Policy acquisition costs
Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are amortized over the terms of the policies as Takaful contribution is earned.

Discounts earned
Discounts earned are recognised at the time policies are written. Discount earned on outwards retakaful contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

Receivables and payables related to Takaful and Retakaful contracts
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and Takaful contract holders. If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the Takaful receivable accordingly and recognizes that impairment loss in the consolidated statement of income.

Takaful contract liabilities

Unearned contributions reserve ('UCR')
At the end of each year a proportion of net retained contributions of the general Takaful, medical and group life Takaful is reserved to cover portions of risks which have not expired at the reporting date. These reserves are calculated using 1/365th method relating to general Takaful except marine cargo and engineering. The UCR for the marine cargo is recognised as fixed proportion of written premium and UCR for engineering is recognized on a daily increasing basis over the term of the policy period.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Takaful contract liabilities (continued)

Claims reported unsettled
Takaful contract liabilities are recognised when contracts are entered into and contributions are charged. These liabilities are known as claims reported unsettled, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, after reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of claims cannot be known with certainty at the reporting date. The liability is not discounted for the time value of money. No provision for equalisation or catastrophic reserves is recognised. The liability is derecognised when the contract expires, is discharged or is cancelled.

Claims incurred but not reported
A provision is made for the estimated excess of potential claims over unearned contribution and for claims incurred but not reported at the financial position date using chain ladder method (2018: chain ladder method). The reserves represent management's best estimates on the basis of:

(a) claims reported during the year
(b) delay in reporting these claims

Unit linked liabilities
For unit linked policies, liability is equal to the policy account values. The account value is the number of units multiplied by the bid price per unit. The investment component of these takaful contracts are designated as at fair value through profit and loss.

Unexpired risk reserve
Provision is made for unexpired risk reserve arising from general takaful contract where the expected value of claim and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned contribution reserve and already recorded claim liabilities in relation to such policies .The provision for unexpired risk reserve is calculated by reference to classes of business, which are managed together, after taking into account the future investment return on investment held to back the Unearned contributions reserve and claims reported unsettled.

Mathematical reserve
The mathematical reserve is determined by independent actuarial valuation of future policy benefit at the end of each reporting period. Mortality and withdrawal rates used in actuarial valuation of Mathematical reserve are based on experience and the most current industry standard mortality table.

Salvage and subrogation reimbursements
Some takaful contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the takaful contract liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in the measurement of the takaful contract liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Deferred policy acquisition costs (DAC)
Policy acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses, when incurred. The DAC is subsequently amortised, as per the below:

- For short term takaful contracts, DAC is amortised over the term of the policy as premium is earned;
- For long-term takaful contracts, DAC is amortised over a period of time, which is determined based on the expected life of the contract.

Liability adequacy test
At the end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities (net of related DAC). In performing these tests, current best estimates of future contractual cash flows and associated expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the consolidated income statement by establishing a provision for losses arising from liability adequacy tests.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Surplus / deficit in policyholders' fund
If the surplus in the participants' fund at the end of a year is sufficiently large, a percentage of the surplus shall be distributed between participants that have not made a claim, in proportion to their risk contributions to the fund after accounting for reserves. The distributions will be approved by the Group's Shari'a Supervisory Board. Any remaining surplus after the distribution will remain in the participants' fund.

Any surplus in the participants' fund outstanding as of year end and not distributed is recognized as a liability in the consolidated statement of financial position.

A deficiency in participants' fund is made good by a profit free loan (Qard Hassan) from the shareholders' fund. This loan is to be repaid from future surpluses arising from takaful operations on a priority basis.

On liquidation of the fund, the accumulated surplus in the participants' fund, if any, after meeting all obligations (including repayment of the outstanding amount of profit free loan), will be dealt with after consulting with the Group's Sharia'a Supervisory Board. In case of an accumulated deficit, any profit free loan outstanding at the time of liquidation will not be repayable by the participants' fund and the shareholders' fund will forego such outstanding amount.

Any deficit in the participants' fund, except for deficits arising from a decline in the fair value of securities, is financed by the shareholders through a Qard Hassan (a finance cost free loan with no repayment terms). The Group maintains a full provision against the Qard Hassan.

Non-current assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the assets (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale is highly probable. Management be committed to sale, which should be expected to qualify for recognition as a completed sale within one year for the date of classification.

When the group is committed to a sale plan involving loss control of a subsidiary, all assets and liabilities of the subsidiaries are classified as held for sale when the criteria described above are met regardless of whether the Group will retain a non- controlling interest in its former subsidiary after sale.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to complete.

Leases
The Group does not have leases that should be accounted for in accordance with IFRS 16 since all the Group's leases are assessed as short-term in nature and the payments made under the leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease. The Group did not need to make any adjustments to the accounting for assets held as lessee as a result of adopting the new leasing standard due to the short-term nature of the lease contracts.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

General and administration expenses
Administration expenses are charged to the shareholders' consolidated statement of income. Expenses related to participants are allocated to consolidated statement of income of participant's fund on the basis of guidelines issued by the Sharia'a and Supervisory board.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

Defined contribution plan
U.A.E. National employees in the United Arab Emirates are members of the Government-managed retirement pension and social security benefit scheme established pursuant to U.A.E. Federal Labour Law No. 7 of 1999. The Group is required to contribute 12.5% of the “contribution calculation salary” to the retirement benefit scheme to fund the benefits. These employees are also required to contribute 5% of the “contribution calculation salary” to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to the consolidated statement of profit or loss.

Provision for employees’ end of service indemnity
Provision is also made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the UAE Labour Law.

Financial instruments

Amortised cost and effective interest rate
The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective profit rate is the rate that exactly discounts estimate future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate. When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss (“FVTPL”), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (“ECL”) is recognized for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when the asset is newly originated.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

(i) Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- fair value through profit or loss ("FVTPL");
- fair value through other comprehensive income ("FVOCI"); or
- amortised cost

The classification requirements for debt and equity instruments are described below:

Debt instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:
- the Group's business model for managing the assets; and
- the cash flow characteristics of the asset.

Based on those factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest on the principal amount outstanding ("SPPI"), and that are not designated at FVTPL are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in this note. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding ("SPPI"), and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated income statement and recognised in "Investment income". Profit income from these financial assets is included in "Investment income" using the effective interest rate method.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in the income statement and presented net within "Investment income – Net" in the period in which it arises. Interest income from these assets is included in "Interest income" using the effective interest rate method.

Business model
The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the asset or is to collect the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. At initial recognition of a financial asset, the Group determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting periods, the Group has not identified a change in its business models.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

SPPI
Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial assets' cash flows represent solely payments of principal and interest on the principal amount outstanding (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified at FVTPL. The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

Equity instruments
Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares. The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments at FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as "Investment income" when the Group's right to receive payments is established.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, Takaful receivables and due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for Takaful receivables and due from related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instrumrents (continued)

Financial assets (continued)

(ii) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(iii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective profit rate.

De-recognition of financial assets
Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Gains and losses on the disposal of investments are calculated as the difference between net sales proceeds and the carrying amount and are recorded on occurrence of the sale transaction.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired financial assets are derecognised when they are assessed as uncollectible.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities
The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are subsequently measured at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in insurance and other payables are recognised initially at fair value and subsequently measured at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Offsetting
Financial assets and liabilities are offset and reported net in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are within the scope of IFRS 9 expected credit loss calculations for the assessment of impairment.

Wakala deposits with banks with original maturities of more than three months
Wakala deposits with banks with original maturities of more than three months are initially measured at fair value and subsequently measured at amortised cost. Deposits held with banks are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment. Profit from wakala deposits with banks is recognised on a time proportion basis using the effective profit method and is recognised within ‘Investment income’ in the consolidated income statement.

Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of income in the period in which they arise.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period in which the investment property is derecognised.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker’s quotes.

Rental income from investment properties which is leased under an operating lease is recognised on a straight-line basis over the term of the lease.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment
Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement when incurred.

Depreciation is charged so as to write off the cost, over their estimated useful lives, using the straight-line method, as follows:

Motor vehicles	4 years
Furniture and fixtures	4 years
Office equipment	4 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash‑generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash‑generating units, or otherwise they are allocated to the smallest group of cash‑generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre‑tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash‑generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash‑generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash‑generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash ‑generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies
In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences are recognized in consolidated statement of income the year in which they arise except for:
- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to finance costs on foreign currency financings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Zakat
Zakat as approved by the Group's Sharia'a Supervisory Board is computed on the following basis:
- Zakat on shareholders' equity is deducted from retained earnings and is computed on their Zakat Pool (Legal Reserve, General Reserve, Retained Earnings and employees' end of service benefits).
- Zakat is distributed by a committee appointed by the Board of Directors and operating as per the by-law set by the Board.
- Zakat on paid up capital and proposed dividend is not included in the Zakat computation and is payable directly by the shareholders themselves.

Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

Dividend distribution
Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Profit expense is recognised in the consolidated statement of income as it accrues and is calculated by using the effective profit rate method.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's significant accounting policies, which are described in note 3 to these consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

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

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring Expected Credit Loss (ECL) is further detailed in note 34B.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

A 10% increase or decrease in PD and LGD estimates at 31 December 2022 would result in an increase or decrease in total expected credit loss allowances on takaful receivables and balances with banks of AED 1,119,850 (2021: AED 1,032,927).

4.2 The ultimate liability arising from claims made under takaful contracts

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the reporting date. The liability for outstanding claims includes the cost of claims reported but yet to be paid, claims incurred but not reported ("IBNR"), and the estimated expenses to be incurred in settling claims.

The process of establishing liability estimates is subject to considerable variability as it requires the use of informed estimates and judgments. These estimates and judgments are based on numerous factors, and may be revised as additional experience becomes available or as regulations change. The liability for outstanding claims is estimated using the input of assessment for individual cases reported to the Group as well as assessments performed by external loss adjustors where deemed necessary. Claims requiring court or arbitration decisions are estimated individually. The Group takes all reasonable steps to ensure that it has appropriate information regarding the risk of major storm, tempest and flood scenarios that exist in the UAE to estimate its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.2 The ultimate liability arising from claims made under takaful contracts (continued)

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims, where more information about the claim event is available. Classes of business which have a longer reporting tail and where the IBNR proportion of the total reserve is therefore high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty in estimating these liabilities. For the short-tailed classes, claims are typically reported soon after the claim event, and tend to display less variation. In calculating the required levels of provisions, the Group's external independent actuary use a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience.

Provision for claims, whether reported or not
Considerable judgement by management is required in the estimation of amounts due to Takaful contract holders arising from claims made under Takaful contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possibly significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the financial position date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends. Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis.

Mathematical reserve
Mortality and withdrawal rates used in actuarial valuation of Mathematical reserve are based on experience and the most current industry standard mortality table as shown below.

Age	Mortality rate
19-30	0.53-0.44
31-40	0.46-0.89
41-50	0.96-2.51
51-60	2.81-7.58
61-70	8.13-18.81

Unit linked investments
The Group recognizes the unit linked investments and its related liabilities pertaining to the deposit component of the Takaful contract on gross basis on its consolidated statement of financial position. These were recorded in net, as based on the management judgement, financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position if, and only if, as required by IAS 32, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously; which is not the case for the unit linked investments provided by the Group.

4.3 Valuation of unquoted equity investments

Where the fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, management have determined it using internal valuation that includes the use of mathematical model. Management has used the comparable multiples method to determine the fair value of its financial assets; this method derives the value of the investments using the valuation multiples of other businesses similar in industry, sector and size; assuming that similar companies will have similar valuation multiples. A median of the identified valuation multiples for similar industry in various countries in the MENA was used. This median of multiples and the investment's earnings was used to determine the investment's value. Where actual costs related to performance under contracts differ significantly from management's estimates, the amount of revenue recognised on contracts to date could be materially impacted.

4.4 Valuation of investment property

The Group values its investment properties at fair value on the basis of market valuations prepared by independent property consultants. The valuations are based on assumptions which are mainly based on market conditions existing at each reporting date. Therefore, any future change in the market conditions could have an impact on the fair value. For further details of the judgments and assumptions made, refer to note 11.

5 CASH AND BANK BALANCES (EXCLUDING STATUTORY DEPOSIT)

5.1 Cash and cash equivalents

	2022 AED	2021 AED
Cash in hand	**60,418**	10,252
Bank balances in current accounts (note 5.1.1)	**132,783,643**	88,046,492
	132,844,061	88,056,744
Less: Provision for impairment	**(20,483)**	(17,622)
Total	**132,823,578**	88,039,122

5.1.1. The above bank balances does not include AED 9.08 million bank balances which are kept with the Group in a fiduciary relationship with individual life portfolio transferee. Such balances shall be moved to the transferee upon finalization of transfer.

Details of ECL allowance as per IFRS 9 are as follows:

	2022 AED	2021 AED
Balance as at 1 January	**17,622**	25,177
Charge/(release) for the year	**2,861**	(7,555)
Balance as at 31 December	**20,483**	17,622

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents are analysed as follows:

	2022 AED	2021 AED
Cash and cash equivalents – (note 5.1)	**132,844,061**	88,056,744
Cash and cash equivalents included in assets operations – (note 31)	**1,008,976**	1,008,976
	133,853,037	89,065,720

5.2 Wakala deposits with banks with original maturities of more than three months

	2022 AED	2021 AED
Maturing within 1 year (current)	**-**	10,000,000

6 STATUTORY DEPOSIT

A deposit of AED 10 million (2021: AED 10 million) has been placed with a bank, in accordance with Article (42) of the UAE Federal Law No. (6) of 2007. This deposit has been pledged to the bank as security against a guarantee issued by the bank in favour of the CBUAE for the same amount. This deposit cannot be withdrawn without prior approval of the CBUAE and bears a profit rate of 0.6% per annum (2021: 0.6% per annum).

7 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS

	2022 AED	2021 AED
Takaful contract liabilities – gross – (A)		
Unearned contribution and unexpired risk reserves (note 7.2)	**96,363,273**	89,999,681
Claims reported unsettled (note 7.1)	**95,298,668**	84,155,390
Mathematical reserve (note 7.3)	**7,189,832**	2,470,951
Claims incurred but not reported (note 7.1)	**52,142,087**	49,954,086
Unallocated loss adjustment expenses (note 7.1)	**3,521,639**	3,673,555
Unit linked liabilities	**782,291,146**	863,256,172
	1,036,806,645	1,093,509,835
Retakaful contract assets – (B)		
Unearned contribution and unexpired risk reserves	**32,746,791**	27,536,803
Claims reported unsettled	**76,039,891**	63,804,981
Mathematical reserve	**4,336,681**	784,307
Claims incurred but not reported	**30,915,329**	31,996,117
	144,038,692	124,122,208
Takaful contract liabilities – net – (A-B)		
Unearned contribution and unexpired risk reserves (note 7.2)	**63,616,482**	62,462,878
Claims reported unsettled (note 7.1)	**19,258,777**	20,350,409
Mathematical reserve (note 7.3)	**2,853,151**	1,686,644
Claims incurred but not reported (note 7.1)	**21,226,758**	17,957,969
Unallocated loss adjustment expenses (note 7.1)	**3,521,639**	3,673,555
Unit linked liabilities	**782,291,146**	863,256,172
	892,767,953	969,387,627

As at 31 December 2022, the gross and net insurance contract liabilities as certified by the Company's appointed actuary, SHMA Consulting DMCC amounted to AED 1,037 million and AED 893 million respectively (2021: AED 1,094 million and AED 969million respectively).

7.1 Movement in the provision for claims reported unsettled, claims incurred but not reported and unallocated loss adjustment expenses

	2022		2021	
	Gross AED	**Net AED**	Gross AED	Net AED
At 1 January	**137,783,031**	**41,981,933**	136,877,914	41,368,243
Claims incurred during the year	**150,692,066**	**75,755,111**	108,879,521	71,086,208
Claims settled during the year	**(137,512,703)**	**(73,729,870)**	(107,974,404)	(70,472,518)
At 31 December	**150,962,394**	**44,007,174**	137,783,031	41,981,933
Claims reported unsettled	**95,298,668**	**19,258,777**	84,155,390	20,350,409
Claims incurred but not reported	**52,142,087**	**21,226,758**	49,954,086	17,957,969
Unallocated loss adjustment expenses	**3,521,639**	**3,521,639**	3,673,555	3,673,555
	150,962,394	**44,007,174**	137,783,031	41,981,933

7 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (continued)

7.2 Unearned contribution and unexpired risk reserves

	2022		2021	
	Gross AED	**Net AED**	Gross AED	Net AED
Unearned contributions reserve (UCR)	**88,840,834**	**56,094,043**	85,185,149	57,648,346
Unexpired risk reserve (URR)	**7,522,439**	**7,522,439**	4,814,532	4,814,532
	96,363,273	**63,616,482**	89,999,681	62,462,878

The movement in the provision for unearned contributions and unexpired risk reserves – gross and net was as follows:

	2022		2021	
	Gross AED	**Net AED**	Gross AED	Net AED
At 1 January	**89,999,681**	**62,462,878**	81,204,057	50,425,952
Contributions written	**253,541,442**	**116,967,602**	249,455,606	114,650,178
Change in unexpired risk reserve	**(2,707,907)**	**(2,707,907)**	1,668,530	1,668,530
Contributions earned during the year	**(244,469,943)**	**(113,106,091)**	(242,328,512)	(104,281,782)
At 31 December	**96,363,273**	**63,616,482**	89,999,681	62,462,878

7.3 Mathematical reserve

	2022		2021	
	Gross AED	**Net AED**	Gross AED	Net AED
At 1 January	**2,470,951**	**1,686,644**	2,847,862	2,147,569
Net movement during the year	**4,718,881**	**1,166,507**	(376,911)	(460,925)
At 31 December	**7,189,832**	**2,853,151**	2,470,951	1,686,644

The following table presents the sensitivity of the value of mathematical reserves to movements in the assumptions used in the estimation of takaful contract liabilities. For liabilities under long-term takaful contracts with fixed and guaranteed terms, changes in assumptions will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment. No losses arose in either 2022 or 2021, based on the results of the liability adequacy test. The table below indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

Scenario	***Change in assumptions***	***Increase / (decrease) on net liability***	
		2022 AED	*2021 AED*
Mortality / morbidity	+10%	131,178	12,119
Discount rate	+75 bps	(1,330)	(439)
Mortality / morbidity	-10%	(131,180)	(12,120)
Discount rate	-75 bps	1,352	446

7 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (continued)

7.3 Mathematical reserve (continued)

Takaful contract liabilities-gross, comprises of the following:

	Unearned contribution and unexpired risk reserves AED	Claims reported unsettled AED	Mathematical reserve AED	Claims incurred but not reported AED	Unallocated loss adjustment expenses AED	Unit linked liabilities AED	Total AED
At 31 December 2022							
Motor	**20,797,796**	**33,170,629**	**-**	**5,417,977**	**2,030,140**	**-**	**61,416,542**
Engineering	**1,847,407**	**6,952,465**	**-**	**2,106,042**	**48,384**	**-**	**10,954,298**
Marine & aviation	**382,560**	**4,430,632**	**-**	**365,621**	**27,720**	**-**	**5,206,533**
Fire	**10,721,092**	**16,590,759**	**-**	**4,388,407**	**110,042**	**-**	**31,810,300**
General insurance & liabilities	**12,520,608**	**26,463,538**	**-**	**24,041,238**	**562,306**	**-**	**63,587,690**
Medical	**36,823,319**	**3,307,653**	**-**	**10,353,987**	**664,566**	**-**	**51,149,525**
Life	**13,270,491**	**4,382,992**	**7,189,832**	**5,468,815**	**78,481**	**782,291,146**	**812,681,757**
	96,363,273	**95,298,668**	**7,189,832**	**52,142,087**	**3,521,639**	**782,291,146**	**1,036,806,645**
At 31 December 2021							
Motor	39,150,981	38,445,994	-	5,313,583	2,317,547	-	85,228,105
Engineering	2,539,805	6,383,580	-	1,392,297	31,450	-	10,347,132
Marine & aviation	543,609	5,700,460	-	1,331,395	41,163	-	7,616,627
Fire	10,478,501	3,868,142	-	10,439,600	81,911	-	24,868,154
General insurance & liabilities	8,992,556	24,982,432	-	23,002,284	827,527	-	57,804,799
Medical	23,429,322	2,150,509	-	4,496,774	317,487	-	30,394,092
Life	4,864,907	2,624,273	2,470,951	3,978,153	56,470	863,256,172	877,250,926
	89,999,681	84,155,390	2,470,951	49,954,086	3,673,555	863,256,172	1,093,509,835

7 TAKAFUL CONTRACT LIABILITIES AND RETAKAFUL CONTRACT ASSETS (continued)

7.3 Mathematical reserve (continued)

Takaful contract liabilities-net, comprises of the following:

	Unearned contribution and unexpired risk reserves AED	Claims reported unsettled AED	Mathematical reserve AED	Claims incurred but not reported AED	Unallocated loss adjustment expenses AED	Unit linked liabilities AED	Total AED
At 31 December 2022							
Motor	**20,406,610**	**11,412,857**	**-**	**4,828,253**	**2,030,140**	**-**	**38,677,860**
Engineering	**249,594**	**458,784**	**-**	**146,021**	**48,384**	**-**	**902,783**
Marine & aviation	**104,751**	**260,866**	**-**	**85,638**	**27,720**	**-**	**478,975**
Fire	**1,047,269**	**994,384**	**-**	**381,140**	**110,042**	**-**	**2,532,835**
General insurance & liabilities	**2,792,008**	**2,401,319**	**-**	**4,627,506**	**562,306**	**-**	**10,383,139**
Medical	**35,915,912**	**2,937,332**	**-**	**10,353,987**	**664,566**	**-**	**49,871,797**
Life	**3,100,338**	**793,235**	**2,853,151**	**804,213**	**78,481**	**782,291,146**	**789,920,564**
	63,616,482	**19,258,777**	**2,853,151**	**21,226,758**	**3,521,639**	**782,291,146**	**892,767,953**
At 31 December 2021							
Motor	35,951,676	13,316,714	-	5,223,654	2,317,547	-	56,809,591
Engineering	499,895	245,357	-	147,774	31,450	-	924,476
Marine & aviation	118,249	321,593	-	192,948	41,163	-	673,953
Fire	895,850	247,458	-	776,428	81,911	-	2,001,647
General insurance & liabilities	2,504,727	3,895,889	-	6,448,200	827,527	-	13,676,343
Medical	21,355,910	1,852,961	-	4,496,774	317,487	-	28,023,132
Life	1,136,571	470,437	1,686,644	672,191	56,470	863,256,172	867,278,485
	62,462,878	20,350,409	1,686,644	17,957,969	3,673,555	863,256,172	969,387,627

8 TAKAFUL RECEIVABLES

	TOTAL		Inside United Arab Emirates		Outside United Arab Emirates	
	2022	2021	**2022**	2021	**2022**	2021
	AED	AED	**AED**	AED	**AED**	AED
Due from policyholders	**35,924,690**	24,173,025	**35,924,690**	24,140,129	**-**	32,896
Less: Provision for impairment	**(5,002,732)**	(4,330,886)	**(5,002,732)**	(4,330,886)	**-**	-
	30,921,958	19,842,139	**30,921,958**	19,809,243	**-**	32,896
Due from takaful / retakaful companies	**23,050,551**	21,962,614	**17,036,705**	17,713,395	**6,013,846**	4,249,219
Due from brokers / agents	**15,695,134**	14,279,388	**15,695,134**	14,279,388	**-**	-
-Less: Provision for impairment	**(6,175,289)**	(5,980,760)	**(6,175,289)**	(5,980,760)	**-**	-
	63,492,354	50,103,381	**57,478,508**	45,821,266	**6,013,846**	4,282,115

8 TAKAFUL RECEIVABLES (continued)

8 (a) Inside United Arab Emirates

<u>**Inside United Arab Emirates**</u>	**2022 AED Policyholders**	**2022 AED Takaful and retakaful companies**	**2022 AED Brokers and agents**	**2022 AED Total**	2021 AED Policyholders	2021 AED Takaful and retakaful companies	2021 AED Brokers and agents	2021 AED Total
Aging of takaful receivables								
Not due	**5,083,089**	**-**	**6,353,768**	**11,436,857**	3,123,569	692,790	3,721,992	7,538,351
Past due and not impaired								
Less than 30 days	**15,660,326**	**328,286**	**1,204,653**	**17,193,265**	5,898,542	1,580,062	3,031,386	10,509,990
30-90 days	**7,349,819**	**1,291,258**	**1,351,756**	**9,992,833**	5,068,853	1,588,667	2,384,038	9,041,558
91-180 days	**2,774,377**	**1,414,693**	**1,267,015**	**5,456,085**	2,970,409	3,116,406	217,335	6,304,150
181-270 days	**11,915**	**1,521,176**	**300,253**	**1,833,344**	1,639,132	1,920,410	-	3,559,542
271-365 days	**42,432**	**1,562,126**	**1,413,703**	**3,018,261**	728,571	2,061,695	-	2,790,266
More than 365 days	**-**	**8,547,863**	**-**	**8,547,863**	380,167	5,697,242	-	6,077,409
	30,921,958	**14,665,402**	**11,891,148**	**57,478,508**	19,809,243	16,657,272	9,354,751	45,821,266
Past due and impaired								
31-90 days	**-**	**-**	**-**	**-**	-	-	4,794	4,794
91-180 days	**101,033**	**-**	**-**	**101,033**	-	-	603,432	603,432
181-270 days	**1,296,637**	**-**	**-**	**1,296,637**	-	-	1,227,720	1,227,720
271-365 days	**742,083**	**-**	**114,123**	**856,206**	1,278,978	-	585,932	1,864,910
More than 365 days	**2,862,979**	**2,371,303**	**3,689,863**	**8,924,145**	3,051,908	1,056,123	2,502,759	6,610,790
Total takaful receivables (gross)	**35,924,690**	**17,036,705**	**15,695,134**	**68,656,529**	24,140,129	17,713,395	14,279,388	56,132,912

8 TAKAFUL RECEIVABLES (continued)

8 (b) Outside United Arab Emirates

<u>**Outside United Arab Emirates**</u>	**2022**	**2022**	**2022**	**2022**	2021	2021	2021	2021
	AED	**AED**	**AED**	**AED**	AED	AED	AED	AED
	Policyholders	**Takaful and retakaful companies**	**Brokers and agents**	**Total**	Policyholders	Takaful and retakaful companies	Brokers and agents	Total
	AED	**AED**	**AED**	**AED**	AED	AED	AED	AED
Aging of takaful receivables								
Not due	-	-	-	-	-	-	-	-
Past due and not impaired								
Less than 30 days	**-**	**228,095**	**-**	**228,095**	23,971	622,104		646,075
30-90 days	**-**	**85,351**	**-**	**85,351**	5,325	143,719	-	149,044
91-180 days	**-**	**1,376,954**	**-**	**1,376,954**	3,600	617,121	-	620,721
181-270 days	**-**	**937,264**	**-**	**937,264**	-	210,338	-	210,338
271-365 days	**-**	**85,123**	**-**	**85,123**	-	1,197,788	-	1,197,788
More than 365 days	**-**	**3,301,059**	**-**	**3,301,059**	-	1,458,149	-	1,458,149
Total takaful receivables (gross)	**-**	**6,013,846**	**-**	**6,013,846**	32,896	4,249,219	-	4,282,115

The Group measures the loss allowance for takaful receivables at an amount equal to lifetime ECL. The expected credit losses on takaful receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against due from policyholder and broker / agents over 90 days and 30% to 100% against takaful / retakaful companies over 180 days past due based on historical experience.

There has been no changes in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a takaful receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the takaful receivables are over three years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

8 TAKAFUL RECEIVABLES (continued)

8 (b) Outside United Arab Emirates (continued)

Movement in provision for impairment is as follows:

	2022 AED	2021 AED
Balance at the beginning of the year	**10,311,646**	10,960,666
Provision for / (Reversal of) impairment	**866,375**	(1,834,183)
Transferred from due from related parties	**-**	2,163,139
Written off during the year	**-**	(977,976)
Balance at 31 December	**11,178,021**	10,311,646

9 INVESTMENT IN FINANCIAL ASSETS

	2022 AED	2021 AED
Financial assets measured at fair value through other comprehensive income (FVOCI) (A)		
- Listed	**27,827,607**	35,927,826
- Unlisted	**3,557,000**	34,313,278
	31,384,607	70,241,104
Financial assets measured at fair value through profit and loss (FVTPL) (B)		
- Listed	**101,701**	5,427,599
- Unlisted	**-**	41,229,534
- Unit linked investments	**782,291,146**	863,256,172
	782,392,847	909,913,305
Total investment in financial assets measured at fair value (A+B)	**813,777,454**	980,154,409

Movement in financial assets measured at fair value through other comprehensive income (FVOCI) and financial assets measured at fair value through profit or loss (FVTPL), excluding the purchases and disposals of unit linked investments is as follows:

	2022		2021	
	FVOCI AED	**FVTPL AED**	FVOCI AED	FVTPL AED
At 1 January	**70,241,104**	**46,657,133**	58,244,499	34,873,341
Additions	**31,895,077**	**10,015,750**	3,493,149	18,381,654
Disposals	**(73,193,998)**	**(61,469,385)**	-	-
Change in the fair value	**2,442,424**	**4,898,203**	8,503,456	(6,597,862)
At 31 December	**31,384,607**	**101,701**	70,241,104	46,657,133

9 INVESTMENT IN FINANCIAL ASSETS (continued)

9.1 Currency distribution

	2022		2021	
	FVOCI AED	**FVTPL AED**	FVOCI AED	FVTPL AED
United Arab Emirates Dirhams	**31,384,607**	**101,701**	35,484,348	46,657,133
United States Dollars	**-**	**-**	4,000,500	-
Algerian Dinars	**-**	**-**	30,756,256	-
	31,384,607	**101,701**	70,241,104	46,657,133

9.2 Investment revaluation reserve – FVOCI

	2022 FVOCI AED	2021 FVOCI AED
At 1 January	**74,975,644**	83,479,100
Other comprehensive income for the year	**(2,443,438)**	(8,503,456)
Disposals	**(57,100,621)**	-
At 31 December	**15,431,585**	74,975,644

9.3 Geographical concentration

	2022		2021	
	FVOCI AED	**FVTPL AED**	FVOCI AED	FVTPL AED
Within UAE (A)				
- Listed	**27,827,607**	**101,701**	35,570,479	4,365,192
- Unlisted	**3,557,000**	**-**	-	41,229,534
	31,384,607	**101,701**	35,570,479	45,594,726
Outside UAE (B)				
- Listed	**-**	**-**	357,347	1,062,407
- Unlisted	**-**	**-**	34,313,278	-
- Unit linked investments	**-**	**782,291,146**	-	863,256,172
	-	**782,291,146**	34,670,625	864,318,579
Total investment in financial assets measured at fair value (A+B)	**31,384,607**	**782,392,847**	70,241,104	909,913,305

Unlisted securities carried at a fair value of AED 3,557,000 (2021: AED 75,542,812) mainly represent the Group's investments in shares of companies registered in United Arab Emirates.

10 PREPAYMENTS AND OTHER RECEIVABLES

	2022 AED	2021 AED
Prepayments	**2,011,839**	2,515,182
Receivables from employees	**976,592**	561,359
Advance to suppliers	**1,115,000**	1,015,000
Refundable deposits	**87,483**	258,169
Other receivables	**44,655,535**	4,752,210
	48,846,449	9,101,920

Other receivables include AED 41 million receivable against an investment disposed during the year.

11 INVESTMENT PROPERTY

	2022 AED	2021 AED
Balance at 1 January	**56,896,500**	54,750,000
(Loss) / Gain on revaluation of investment property – note 23	**(6,896,500)**	2,146,500
Balance at 31 December	**50,000,000**	56,896,500

11.1 Valuation process and techniques underlying management's estimation of fair value

The Group has complied with the requirements of the UAE Insurance Authority Board Decision No. (26) of 2014 with regards to valuation of the investment properties and were accounted accordingly for the purpose of financial reporting. The fair value of the investment property has been arrived at on the basis of a valuation carried by a professional, independent valuation expert, not related to the Group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties, in accordance with Royal Institute of Chartered Surveyors (RICS) appraisal and valuation standards. The property was valued by two independent valuers and the Group has recognised the fair value as the average of the valuation estimated by the independent valuers. In estimating the fair value of the property, the highest and best use of the property is their current use.

The following table shows the valuation technique used in measuring the fair value of the investment property, as well as the significant unobservable inputs used.

Valuation technique	*Significant unobservable inputs*	*Interrelationship between key unobservable inputs and fair value measurements*
Comparison method	The comparison approach involves examining and analysing recent market transaction/data and making adjustments to this data to account for differences in location, building area, quality of accommodation, finish, date of sale, view, aspect and other individual characteristics	The estimated fair value increase / decrease if the inputs to the comparison method varies.

11 INVESTMENT PROPERTY (continued)

11.2 Fair value hierarchy

Fair value hierarchy of the Group's investment property is as follows:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
At 31 December 2022				
Investment property	-	-	**50,000,000**	**50,000,000**
At 31 December 2021				
Investment property	-	-	56,896,500	56,896,500

11.3 Sensitivity of fair value

If the prices of the comparable properties were to increase / decrease by 1%, the fair value would increase / decrease by AED 500,000 (2021: AED 568,965).

12 PROPERTY AND EQUIPMENT

	Motor vehicles AED	Furniture and fixtures AED	Office equipment AED	Total AED
Cost				
At 1 January 2022	**227,290**	**5,404,991**	**5,877,134**	**11,509,415**
Additions	**-**	**575**	**32,114**	**32,689**
At 31 December 2022	**227,290**	**5,405,566**	**5,909,248**	**11,542,104**
Accumulated depreciation				
At 1 January 2022	**218,668**	**5,380,034**	**5,673,289**	**11,271,991**
Charge for the year – (note 24)	**8,622**	**19,605**	**91,868**	**120,095**
At 31 December 2022	**227,290**	**5,399,639**	**5,765,157**	**11,392,086**
Net carrying amount: 31 December 2022	**-**	**5,927**	**144,091**	**150,018**

	Motor vehicles AED	Furniture and fixtures AED	Office equipment AED	Total AED
Cost				
At 1 January 2021	227,290	5,404,991	5,846,101	11,478,382
Additions	-	-	92,088	92,088
Disposals	-	-	(61,055)	(61,055)
At 31 December 2021	227,290	5,404,991	5,877,134	11,509,415
Accumulated depreciation				
At 1 January 2021	202,594	5,350,041	5,643,994	11,196,629
Charge for the year – (note 24)	16,074	29,993	90,350	136,417
Disposals	-	-	(61,055)	(61,055)
At 31 December 2021	218,668	5,380,034	5,673,289	11,271,991
Net carrying amount: At 31 December 2021	8,622	24,957	203,845	237,424

13 MURABAHA PAYABLE

The Company has repaid outstanding Murabaha of AED 15,228,543 in the current year. The balance outstanding as of 31 December 2022 is AED Nil (AED 15,228,543 as of 31 December 2021).

14 TRADE AND OTHER PAYABLES

	2022 AED	2021 **AED**
Trade payables and accruals	**43,800,688**	50,547,275
Employees' end of service benefits (i)	**5,456,780**	6,199,433
Zakat payable	**813,805**	628,807
	50,071,273	57,375,515

(i) Movements in the provision for employees' end of service benefits during the year were as follows:

	2022 AED	2021 AED
Balance at 1 January	**6,199,433**	5,897,839
Amounts charged during the year	**1,177,256**	721,555
Amounts paid during the year	**(1,919,909)**	(419,961)
Balance at 31 December	**5,456,780**	6,199,433

Provision for employees' end of service indemnity required to cover employees' end of service indemnity at the reporting date as per UAE. Labour Law.

15 TAKAFUL PAYABLES

	2022 AED	2021 AED
Within U.A.E	**65,493,580**	42,390,478
Outside U.A.E	**18,146,426**	16,676,850
Total	**83,640,006**	59,067,328
Within U.A.E.		
Payable to policyholders	**5,894,388**	6,886,200
Payable to takaful and retakaful companies	**54,537,391**	32,563,604
Payable to brokers / agents	**5,061,801**	2,940,674
	65,493,580	42,390,478
Outside U.A.E.		
Payable to takaful and retakaful companies	**18,083,192**	16,619,837
Payable to brokers / agents	**63,234**	57,013
	18,146,426	16,676,850

16 CONTINGENCIES

At the reporting date, the Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business amounting to AED 0.4 million (2021: AED 0.4 million).

The Group is involved as a defendant in a number of legal cases with other insurance and reinsurance companies and customers. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Group in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made. The expected outcome of the cases is dependent on future legal proceedings.

17 SHARE CAPITAL

	2022	2021
	AED	AED
Issued and fully paid:		
225,750,000 ordinary shares of AED 1 each		
(2021: 225,750,000 ordinary shares of AED 1 each)	**225,750,000**	225,750,000

18 OTHER RESERVES

18.1 Legal reserve

In accordance with the United Arab Emirates Federal Law No. (32) of 2021, the Group has established a legal reserve by appropriation of 10% of the profit of the Company for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law.

18.2 General reserve

The Group is required to transfer 10% of the profit of the Company for the year to a general reserve in accordance with its Articles of Association. The reserve is available for distribution by a resolution of the shareholders of the Group at an ordinary general meeting, on the recommendation of the Board of Directors.

18.3 Retakaful placement provision

In accordance with Article 34 of the Insurance Authority's Board of Directors Decision No. (23) of 2019 effective eighteen months from 15 May 2019, the Group created a retakaful placement provision amounting to AED 2,789,593 as at 31 December 2022 (2021: AED 2,106,721), being 0.5% of the total retakaful contributions ceded by the Group in the United Arab Emirates in all classes of business. The Group shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General of the CBUAE (formerly, the UAE Insurance Authority).

19 DEFERRED POLICY ACQUISITION COSTS AND DEFERRED DISCOUNT

	2022		2021	
	Deferred policy acquisition costs	**Deferred discount***	Deferred policy acquisition costs	Deferred discount*
	AED	**AED**	AED	AED
At 1 January	**10,532,066**	**5,744,747**	7,642,874	6,456,898
Incurred during the year	**26,780,283**	**16,301,151**	27,492,070	16,703,770
Charged for the year	**(28,613,645)**	**(16,995,865)**	(24,602,878)	(17,415,921)
At 31 December	**8,698,704**	**5,050,033**	10,532,066	5,744,747

*Discounts received on ceded retakaful amounting to AED 16.3 million (2021: AED 16.7 million) relates to income earned on outwards retakaful contracts.

20 NET TAKAFUL CONTRIBUTIONS

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Gross takaful contribution AED	**Retakaful share of gross takaful contribution AED**	**Net takaful contribution AED**	Gross takaful contribution AED	Retakaful share of gross takaful contribution AED	Net takaful contribution AED
Motor	**32,461,860**	**2,672,356**	**29,789,504**	70,327,066	7,787,733	62,539,333
Engineering	**6,650,645**	**6,314,947**	**335,698**	3,187,989	2,908,693	279,296
Marine & aviation	**1,461,108**	**1,216,432**	**244,676**	1,744,721	1,461,984	282,737
Fire	**24,559,166**	**23,043,608**	**1,515,558**	23,466,686	21,989,072	1,477,614
General insurance & liabilities	**65,576,515**	**59,682,597**	**5,893,918**	59,411,080	52,890,433	6,520,647
Medical	**73,437,784**	**2,577,499**	**70,860,285**	38,792,071	3,724,073	35,067,998
Life	**49,394,364**	**41,066,401**	**8,327,963**	52,525,993	44,043,440	8,482,553
Total	**253,541,442**	**136,573,840**	**116,967,602**	249,455,606	134,805,428	114,650,178

21 NET TAKAFUL CLAIMS

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	Gross claims settled AED	**Retakaful share of gross claims settled AED**	**Net takaful claims AED**	Gross claims settled AED	Retakaful share of gross claims settled AED	Net takaful claims AED
Motor	**56,921,489**	**7,297,405**	**49,624,084**	47,836,430	6,640,199	41,196,231
Engineering	**1,649,922**	**1,580,400**	**69,522**	2,425,844	2,199,541	226,303
Marine & aviation	**1,233,800**	**1,203,963**	**29,837**	2,776,447	2,639,864	136,583
Fire	**6,653,246**	**6,106,520**	**546,726**	2,867,794	2,758,284	109,510
General insurance & liabilities	**6,611,635**	**3,872,174**	**2,739,461**	8,898,689	7,022,548	1,876,141
Medical	**44,771,243**	**3,895,273**	**40,875,970**	25,472,957	1,661,112	23,811,845
Life	**19,671,368**	**16,888,606**	**2,782,762**	17,696,243	14,580,338	3,115,905
Total	**137,512,703**	**40,844,341**	**96,668,362**	107,974,404	37,501,886	70,472,518

22 WAKALA FEES, MUDARIB'S SHARE AND POLICY FEES

The Group manages the Takaful operations for the Policyholders and charges 33% (2021: 33%) of the gross takaful contributions net of fronting contribution as Wakala fees. In addition, the Group charges 2% (2021: 2%) on fronting contribution as Wakala fees and 100% (2021: 100%) on certain unit linked takaful contracts. These Wakala fees rates were approved by the Group's Fatwa and Sharia'a Supervisory Board. The Wakala Fees share amounted to AED 67,569,542 for the year ended 31 Dec 2022 (2021: AED 75,568,061).

The Group also manages the policyholders' investment funds and is entitled to 25% (2021: 25%) of net investment income earned by the takaful operations' investment funds as the Mudarib's share. The Mudarib's share amounted to AED Nil for the year ended 31 December 2022 (2021: AED 261,217).

Policy fees amounting to AED 0.7 million during 2022 (2021: AED 9.1 million) relate to income earned on the issuance of policies across all lines of businesses which includes administration fees, fronting fees, acquisition fees. Policy fees are earned by the Group during the initiation of the policies.

23 INVESTMENT INCOME

	2022 AED	2021 AED
(Loss)/ gain on revaluation of investment property – (note 11)	**(6,896,500)**	2,146,500
Unrealized loss on investments in financial assets measured at FVTPL	**-**	(6,597,862)
Realized gain on investments in financial assets measured at FVTPL	**4,929,860**	-
Income from wakala deposits with banks	**77,795**	287,439
Dividend income	**1,977,736**	11,145,681
Rental income on investment property	**467,924**	416,290
Investment expenses	**(479,188)**	(48,740)
	77,627	7,349,308
Allocated to:		
Takaful operations	**(892,100)**	1,044,867
Shareholders	**969,727**	6,304,441
	77,627	7,349,308

Investment income and losses are allocated among the shareholders and takaful operations are based on their holding. All the investment requests are identified for shareholders and takaful operations separately.

24 GENERAL AND ADMINISTRATIVE EXPENSES

	2022 AED	2021 AED
Salaries and benefits	**18,235,137**	22,349,898
Legal and professional fees	**2,372,863**	3,352,687
Rent – (note 26)	**1,385,846**	1,362,170
Communication	**816,346**	788,911
Repairs and maintenance	**737,707**	779,569
Depreciation – (note 12)	**120,095**	136,417
Printing and stationary	**91,823**	74,656
Travelling and conveyance	**70,678**	78,677
Marketing and advertising	**86,513**	355,455
Tax expenses	**237,902**	572,471
Bank charges	**475,585**	708,458
Provision for / (reversal of) impairment on financial assets	**869,236**	(1,841,738)
Others	**1,720,056**	1,413,440
	27,219,787	30,131,071

25 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share are calculated by dividing profit attributable to the shareholders for the year, by weighted average number of shares outstanding during the year.

	2022	2021
(Loss)/ Profit for the year attributable to shareholders of the parent (AED)	**(10,162,873)**	12,290,301
Weighted average number of shares outstanding during the year	**225,750,000**	225,750,000
Earnings per share (AED per share)	**(0.045)**	0.054

No figure for diluted earnings per share has been presented since the Group has not issued any instruments which would have an impact on earnings per share when exercised. Accordingly, diluted earnings per share is equivalent to basic earnings per share.

26 OPERATING LEASE COMMITMENTS

Operating leases relate to offices with a lease term of 1 year, with an option to extend. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

	2022 AED	2021 AED
Minimum lease payments under operating leases recognised as an expense during the year – (note 24)	**1,385,846**	1,362,170

27 FATWA AND SHARIA'A SUPERVISORY BOARD

The Group's business activities are subject to the supervision of its Fatwa and Sharia'a Supervisory Board consisting of three members appointed by the shareholders. The Fatwa and Sharia'a Supervisory Board perform a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Sharia'a rules and principles.

28 RELATED PARTY TRANSACTIONS AND BALANCES

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel.

Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties. There are no significant balances outstanding at reporting date, following are the income and expenses in respect of related parties included in the condensed consolidated financial statements.

	2022 AED	2021 AED
Gross contributions	-	1,198,150
Gross claims paid	-	112,973

Compensation of key management personnel was as follows:

	2022 AED	2021 AED
Short term employee benefits	**1,058,592**	1,960,185
End of service benefits	**155,440**	84,000
Total compensation paid to key management personnel	**1,214,032**	2,044,185

29 SEGMENTAL INFORMATION

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's management in order to allocate resources to the segment and to assess its performance. Information reported to the Group's Board of Directors for the purpose of resource allocation and assessment of performance is based on following strategic business activities:

- **Takaful activities** include the general, life and medical insurance business undertaken by the Group.
- **Investment activities** represent investment and cash management for the Group's own account.
- **Others** represent income and expense activities conducted by the subsidiaries and included in these consolidated financial statements.

The following table presents segment information for the year ended 31 December 2022 and 2021.

	For the year ended 31 December 2022				For the year ended 31 December 2021			
	Takaful AED	**Investments AED**	**Others AED**	**Total AED**	Takaful AED	Investments AED	Others AED	Total AED
Takaful income	**132,329,658**	**-**	**-**	**132,329,658**	129,567,919	-	-	129,567,919
Claims incurred – net	**(98,693,603)**	**-**	**-**	**(98,693,603)**	(71,086,208)	-	-	(71,086,208)
	33,636,055	**-**	**-**	**33,636,055**	58,481,711	-	-	58,481,711
Wakala fees	**(67,569,542)**	**67,569,542**	**-**	**-**	(75,568,061)	75,568,061	-	-
Mudarib's fees	**-**	**-**	**-**	**-**	(261,217)	261,217	-	-
Policy acquisition cost	**-**	**(28,613,645)**	**-**	**(28,613,645)**	-	(24,602,878)	-	(24,602,878)
	(67,569,542)	**38,955,897**	**-**	**(28,613,645)**	(75,829,278)	51,226,400	-	(24,602,878)
Investment income	**(892,100)**	**969,727**	**-**	**77,627**	1,044,867	6,304,441	-	7,349,308
Other income	**-**	**7,747,892**	**-**	**7,747,892**	-	-	-	-
General and administrative expenses	**-**	**(27,219,787)**	**-**	**(27,219,787)**	-	(30,131,071)	-	(30,131,071)
Contributions from Qard Hassan to takaful operations	**30,576,654**	**(30,576,654)**		**-**	15,104,360	(15,104,360)	-	-
Net operating loss of subsidiaries	**-**	**-**	**(39,948)**	**(39,948)**	-	-	(5,108)	(5,108)
Net (loss) / profit for the year	**(4,248,933)**	**(10,122,925)**	**(39,948)**	**(14,411,806)**	(1,198,340)	12,295,410	(5,108)	11,091,962

	Takaful		**Investment**		**Total**	
	2022 AED	2021 AED	**2022 AED**	2021 AED	**2022 AED**	2021 AED
Segment assets	**1,280,674,501**	1,194,033,698	**91,486,308**	193,794,737	**1,372,160,809**	1,387,828,435
Segment liabilities	**1,294,464,350**	1,297,684,728	**-**	-	**1,294,464,350**	1,297,684,728

30 DISCONTINUED OPERATIONS

During the year ended 31 December 2018, the Board of Directors approved the liquidation and the disposal of Technik Auto Services Centre LLC and Amity Health L.L.C., subsidiaries of the Group.

The combined results of the discontinued operations included in the profit for the year are set out below.

	For the year ended 31 December	
	2022	2021
	AED	AED
Loss for the year from discontinued operations		
Revenues	**-**	-
Expenses	**(38,831)**	(5,677)
	(38,831)	(5,677)

31 ASSETS AND LIABILITIES UNDER DISCONTINUED OPERATIONS

	2022	2021
	AED	AED
Assets under discontinued operations	**1,583,321**	1,583,321
Liabilities directly associated with assets under discontinued operations	**12,947,356**	12,947,356

As described in note 30, the Board of Directors approved the liquidation of two of the Group's subsidiaries. The Group is currently in the process of the liquidation, the carrying amount of the assets and liabilities have been written done to the fair value less cost to sell. The major class of assets and liabilities of the subsidiaries at the end of the reporting year are as follow:

	2022	2021
	AED	AED
Cash and cash equivalents	**1,008,976**	1,008,976
Other receivables	**574,345**	574,345
Assets under discontinued operations	**1,583,321**	1,583,321
Trade and other payable	**12,947,356**	12,947,356
Liabilities associated with assets under discontinued operations	**12,947,356**	12,947,356
Net liabilities associated with assets under discontinued operations	**(11,364,035)**	(11,364,035)

32 CAPITAL MANAGEMENT

(i) Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group's risk management function is carried out by the Board of Directors, with its associated committees. This is supplemented with a clear organisational structure with delegated authorities and responsibilities from the Board of Directors to the Chief Executive Officer and other senior managers.

The Board of Directors meets regularly to approve any commercial, regulatory and organisational decisions. The Board of Directors defines the Group's risk and its interpretation, limits structure to ensure the appropriate quality and diversification of assets, aligns underwriting and Retakaful strategy to the corporate goals, and specifies reporting requirements.

32 CAPITAL MANAGEMENT (continued)

(ii) Capital management framework

The primary objective of the Group's capital management is to comply with the regulatory requirements in the UAE and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

(iii) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters. The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

As per Article (8) of Section 2 of the Financial Regulations, the Group is required, at all times, to comply with the requirements of Solvency Margin. The solvency position of the Group as of 30 September 2022 and 31 December 2021 is presented below. The Group has presented the solvency position as of 30 September 2022 which is the latest available solvency position as of the date of approval of these consolidated financial statements.

	As at 30 September 2022 (AED in 000's)	As at 31 December 2021 (AED in 000's)
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**47,563**	49,838
Minimum Guarantee Fund (MGF)	**53,855**	34,588
Basic Own Funds	**(40,552)**	(65,882)
MCR Solvency Deficit	**(140,552)**	(165,882)
SCR Solvency Deficit	**(88,115)**	(115,720)
MGF Solvency Deficit	**(94,408)**	(100,470)

To address the solvency deficit, the Group's management initially submitted a recovery plan to CBUAE which involved a substantial capital injection by means of a rights issue; however, the plan was subsequently changed, because it was envisaged that shareholders are unlikely to support a capital injection in the prevailing economic and financial circumstances. The new plan, which is subject to shareholders and regulatory approval, envisages selling the portfolios of Takaful insurance business to other takaful companies and, aided partly by the proceeds resulting the sale of the Takaful insurance portfolios and partly by other assets, generating enough capital to transform the company into a viable investment firm to safeguard and preserve shareholders' value. The Group has informed the CBUAE of its revised plans and received (in-principle/ no-objection letter) to proceed with the above sale negotiations.

As mentioned in note 40 the shareholders' have approved to change the status of the company from takaful operator to an investment firm and there are negotiations with external parties to transfer the life and non life takaful portfolios. Until binding terms for selling its insurance business are agreed and all regulatory and other approvals are received, the Group will continue to operate in one form or another for at least 12 months from the date of approval of these condensed consolidated financial statements and accordingly these financial statements have been prepared on a going concern basis.

33 FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

(b) Classification of financial instruments

	As at 31 December 2022			
	FVTPL AED	FVOCI AED	Amortised cost AED	Total AED
Financial assets				
Cash and cash equivalents	-	-	132,823,578	132,823,578
Financial assets measured at fair value through profit or loss (FVTPL)	782,392,847	-	-	782,392,847
Other receivables	-	-	45,719,617	45,719,617
Takaful receivables	-	-	63,492,354	63,492,354
Wakala deposits with banks with original maturities of more than three months	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	31,384,607	-	31,384,607
Statutory deposit	-	-	10,000,000	10,000,000
Assets under discontinued operations	-	-	1,583,321	1,583,321
	782,392,847	31,384,607	253,618,870	1,067,396,324
Financial liabilities				
Murabaha payable	-	-	-	-
Trade and other payables	-	-	50,071,273	50,071,273
Takaful payables	-	-	83,640,006	83,640,006
Amounts held under retakaful treaties	-	-	7,198,798	7,198,798
Liabilities directly associated with assets under discontinued operations	-	-	12,947,356	12,947,356
	-	-	153,857,433	153,857,433

33 FINANCIAL INSTRUMENTS (continued)

(b) Classification of financial instruments

	As at 31 December 2021			
	FVTPL AED	FVOCI AED	Amortised cost AED	Total AED
Financial assets				
Cash and cash equivalents	-	-	88,039,122	88,039,122
Financial assets measured at fair value through profit or loss (FVTPL)	909,913,305	-	-	909,913,305
Other receivables	-	-	5,571,738	5,571,738
Takaful receivables	-	-	50,103,381	50,103,381
Wakala deposits with banks with original maturities of more than three months	-	-	10,000,000	10,000,000
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	70,241,104	-	70,241,104
Statutory deposit	-	-	10,000,000	10,000,000
Assets under discontinued operations	-	-	1,583,321	1,583,321
	909,913,305	70,241,104	165,297,562	1,145,451,971
Financial liabilities				
Murabaha payable	-	-	15,228,543	15,228,543
Trade and other payables	-	-	57,375,515	57,375,515
Takaful payables	-	-	59,067,328	59,067,328
Amounts held under retakaful treaties	-	-	6,753,321	6,753,321
Liabilities directly associated with assets under discontinued operations	-	-	12,947,356	12,947,356
	-	-	151,372,063	151,372,063

(a) Fair value of financial instruments

Management considers that the fair values of the financial assets and financial liabilities approximate their carrying amounts in the consolidated statement of financial position as at 31 December 2022 and 2021 due to their short term nature.

34 RISK MANAGEMENT

(i) Asset liability management (ALM) framework

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful contract assets and takaful contract liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its takaful contracts.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from takaful contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance liabilities. The notes below explain how financial risks are managed using the categories utilised in the Group's ALM framework. In particular, the ALM Framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. Foreign currency and credit risk are managed on a group-wide basis.

34 RISK MANAGEMENT (continued)

(i) Asset liability management (ALM) framework (continued)

The risks faced by the Group and the way these risks are mitigated by management are summarised below.

The principal risk the Group faces under takaful contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of takaful contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements as well as the diversification of retakaful providers.

Frequency and amounts of claims
The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly property, motor, marine, medical and group life. These are regarded as short-term takaful contracts, as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate Takaful risk.

Property and liability
Property and liability takaful is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the actual loss caused by the inability to use the insured properties.

For property takaful contracts the main risks are fire and business interruption. In recent years, the Group has targeted policies for properties containing fire detection and/or firefighting equipment

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Group has retakaful cover for such damage to limit losses for any individual claim to AED 500,000 for 2022 (2021: AED 500,000).

Motor
Motor takaful is designed to compensate contract holders for damage suffered to their vehicles or liability to third parties arising through accidents. Contract holders could also receive compensation for the fire or theft of their vehicles. For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Group has retakaful cover for such claims to limit losses for any individual claim to AED 300,000 for 2022 (2021: AED 300,000). The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Marine
Marine takaful is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes.

For marine takaful the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. The Group has retakaful to limit losses for any individual claim to AED 500,000 for 2022 (2021: AED 500,000).

Medical, group life and personal accident
Medical takaful is designed to compensate the contract holders for medical costs. Group life and personal accident Takaful entitles the contract holders or their beneficiaries to specified amounts in case of death or permanent or partial disability.

For medical Takaful, the main risks are illness and related healthcare costs. For group life and personal accident, the main risks are claims from death and permanent or partial disability. The Group generally does not offer medical Takaful to walk-in customers. Medical, group life and personal accident Takaful are generally offered to corporate customers with large population to be covered under the policy. The Group has retakaful cover for such claims to limit losses for any individual claim to AED 100,000 (Layer 1) & AED 500,000 (Layer 2) (2021: AED 50,000) per annum per person for medical.

Individual life
For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group wide reinsurance limits on any single life insured and on all high-risk individuals insured are in place.

34 RISK MANAGEMENT (continued)

Sources of uncertainty in the estimation of future claim payments
Claims on takaful contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, certain claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (“IBNR”). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims’ exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established. The amount of insurance claims is in certain cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Group’s estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years’ experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The loss ratios for the current and prior year, before and after retakaful are summarised below by type of risk:

	As at 31 December 2022		**As at 31 December 2021**	
Line of business	**Gross loss ratio**	**Net loss ratios**	Gross loss ratio	Net loss ratios
	AED	**AED**	AED	AED
Non-Life	**66%**	**72%**	68%	83%
Life	**89%**	**57%**	56%	50%

Sources of uncertainty in the estimation of future claim payments
Based on the simulations performed, the impact on profit of a change of 1% in the loss ratio for both gross and net of retakaful recoveries would be as follows:

	As at 31 December 2022		As at 31 December 2021	
	Gross	**Net**	Gross	Net
	AED	**AED**	AED	AED
Impact of an increase in 1% in loss ratio	**521,421**	**212,268**	499,541	179,580
Impact of a decrease in 1% in loss ratio	**521,421**	**212,268**	(499,541)	(179,580)

The sensitivity related to mathematical reserves is disclosed in note 7.3 of these consolidated financial statements.

34 RISK MANAGEMENT (continued)

Process used to decide on assumptions
The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group uses assumptions based on a mixture of internal and market data to measure its claims liabilities. Internal data is derived mostly from the Group's claims reports and screening of the actual insurance contracts carried out at the end of the reporting period to derive data for the contracts held. The Group has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The Group uses several statistical methods and actuarial techniques to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Chain-Ladder and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (recent accident years or new classes of business).

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

The Group uses standard actuarial techniques to estimate its loss provisions as mentioned above. Actuarial techniques and / or methodologies used to estimate the loss provisions could vary based on the specific nature of the lines of business. The general excluding motor and group life business typically have a lower frequency and higher severity of claims while the medical and motor business are more attritional in nature i.e., higher frequency and lower severity. For the attritional lines, any inconsistencies in the claims processes could impact the loss development experience assumed in the technical provisions calculation and hence is one of the key assumptions in the estimation of the technical provisions. For the less attritional lines, typically the loss ratio assumptions under the Bornhuetter-Ferguson technique is a key assumption in the estimation of the technical provisions. The Group monitors closely and validates the key assumptions in the estimation of the technical provisions on a periodic basis.

Change in assumptions
There have been no changes in assumptions, and the same have been consistently applied.

Retakaful risk
In common with other Takaful companies, in order to minimise financial exposure arising from large Takaful claims, the Group, in the normal course of business, enters into arrangements with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the retakaful is affected under treaty, facultative and excess of loss retakaful contracts.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

To minimise its exposure to significant losses from retakaful insolvencies, the Group evaluates the financial condition of its retakaful, monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsures and ensure diversification of retakaful providers. The Group deals with retakaful approved by the higher management.

34 RISK MANAGEMENT (continued)

34A Takaful risk (continued)

Claims development table - gross
The following table reflects the development of the gross claims reported unsettled and claims incurred but not reported at the end of each year together with cumulative payments subsequent to the year of accident:

Gross					
Accident Year	**2019**	**2020**	**2021**	**2022**	**Total**
Estimate of cumulative claims - gross	**AED**	**AED**	**AED**	**AED**	**AED**
2019	**72,767,270**	**-**	**-**	**-**	**72,767,270**
2020	**86,147,506**	**73,434,277**	**-**	**-**	**159,581,783**
2021	**87,663,703**	**80,984,343**	**77,024,600**	**-**	**245,672,646**
2022	**89,296,307**	**82,437,586**	**96,715,456**	**257,956,971**	**526,406,320**
Current estimate of cumulative claims	**89,296,307**	**82,437,586**	**96,715,456**	**257,956,971**	**526,406,320**
Cumulative payments to date - gross	**(88,296,335)**	**(81,757,040)**	**(93,974,855)**	**(111,415,697)**	**(375,443,927)**
Total claims reported unsettled, and claims incurred but not reported recognized in the consolidated statement of financial position - gross	**999,972**	**680,546**	**2,740,601**	**146,541,274**	**150,962,393**

Claims development table - net
The following table reflects the development of the net claims reported unsettled and claims incurred but not reported at the end of each year together with cumulative payments subsequent to the year of accident:

Net					
Accident Year	**2019**	**2020**	**2021**	**2022**	**Total**
Estimate of cumulative claims - net	**AED**	**AED**	**AED**	**AED**	**AED**
2019	**39,231,566**	**-**	**-**	**-**	**39,231,566**
2020	**50,868,426**	**32,233,651**	**-**	**-**	**83,102,077**
2021	**27,535,469**	**28,951,909**	**35,579,195**	**-**	**92,066,573**
2022	**28,830,016**	**29,231,021**	**49,371,036**	**81,443,079**	**188,875,152**
Current estimate of cumulative claims	**28,830,016**	**29,231,021**	**49,371,036**	**81,443,079**	**188,875,152**
Cumulative payments to date – net	**(28,249,469)**	**(28,895,318)**	**(48,571,935)**	**(39,410,449)**	**(145,127,171)**
Total claims reported unsettled, and claims incurred but not reported recognized in the consolidated statement of financial position - net	**580,547**	**335,703**	**799,101**	**42,032,630**	**43,747,981**

Concentration of takaful risk
The Group’s underwriting business is based mainly within the United Arab Emirates.

34 RISK MANAGEMENT (continued)

34B Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum exposure to credit risk to the Group is the carrying value as disclosed in the consolidated statement of financial position.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- The Group only enters into Takaful and Retakaful contracts with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from Takaful and Retakaful contracts are monitored on an ongoing basis in order to reduce the Group's exposure against defaults.
- The Group seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- The Group's investments are managed in accordance with the guidance and the supervision of the Board of Directors.
- The Group's bank balances are maintained with a range of international and local banks in accordance with limits set by the management.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	2022 **AED**	2021 AED
Cash and cash equivalents	**132,823,578**	88,039,122
Other receivables	**45,719,617**	5,571,738
Takaful receivables	**63,492,354**	50,103,381
Wakala deposits with banks with original maturities of more than three months	**-**	10,000,000
Statutory deposit	**10,000,000**	10,000,000
Assets under discontinued operations	**1,583,321**	1,583,321
	253,618,870	165,297,562

The Group's current credit risk grading framework for takaful receivables comprises the following categories:

Category	***Description***	***Basis for recognising expected credit losses***
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is ≥90 days past due or there is evidence indicating the asset is credit-impaired except for Takaful and retakaful companies which are credit-impaired after 364 days	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

For takaful receivables, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. The expected loss rates are based on the historical credit losses experienced.

34 RISK MANAGEMENT (continued)

34B Credit risk (continued)

On that basis, the impairment provision as at 31 December 2022 and 31 December 2021 was determined as follows for all receivables:

	Not yet due AED	30 days< AED	30-89 days AED	90-364 days AED	≥365 days AED	Total AED
31 December 2022						
Expected loss rate	**0.00%**	**6.64%**	**5.23%**	**23.81%**	**54.08%**	**14.97%**
Gross carrying amount – takaful	**11,436,857**	**36,072,319**	**4,658,242**	**11,987,331**	**10,515,626**	**74,670,375**
Impairment provision	**-**	**2,393,425**	**243,800**	**2,854,103**	**5,686,693**	**11,178,021**
	11,436,857	**33,678,894**	**4,414,442**	**9,133,228**	**4,828,934**	**63,492,354**
31 December 2021						
Expected loss rate	0.00%	5.57%	6.66%	36.72%	60.69%	17.07%
Gross carrying amount – takaful receivables	7,538,351	29,831,943	5,040,893	10,890,653	7,113,187	60,415,027
Impairment provision	-	1,660,773	335,561	3,998,655	4,316,657	10,311,646
	7,538,351	28,171,170	4,705,332	6,891,998	2,796,530	50,103,381

The impact on ECL due to changes in the loss rates increase / decrease by 1% as at 31 December 2022 and 31 December 2021 would result in an ECL increase / decrease by AED 632,374 and AED 540,344 respectively.

The retakaful contract assets are with highly rated reinsurers based on the Group internal Risk management framework. Takaful receivables include some unrated policy holders, however, exposures to policyholders and intermediaries with credit facilities are mitigated by ongoing credit evaluation of their financial condition including credit control policies adopted by the Group.

There is no significant concentration of credit risk with respect to cash and bank balances as the Group holds cash accounts in a large number of financial institutions. The credit risk on wakala deposits with banks with original maturities of more than three months, statutory deposits and bank balances and cash is limited because the counterparties are licensed banks with sound financial positions.

Credit quality of the financial assets of the Group is detailed below:

	As at 31 December 2022			
	AAA to A AED	**BBB to B AED**	**Unrated and others AED**	**Total AED**
Financial assets				
Cash and cash equivalents	**101,803,401**	**22,816,332**	**8,203,845**	**132,823,578**

	As at 31 December 2021			
	AAA to A AED	BBB to B AED	Unrated and others AED	Total AED
Financial assets				
Cash and cash equivalents	54,672,619	721,681	32,644,822	88,039,122

34 RISK MANAGEMENT (continued)

34C Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with its financial liabilities when they fall due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The table below summarises the maturity profile of the assets and liabilities of the Company based on remaining contractual obligations. As the Group does not have any significant profit-bearing liabilities, other than murabaha payable, the totals in the table match the statement of financial position. Maturity profile in the below table also approximates to the remaining undiscounted contractual obligations of the financial liabilities.

As at 31 December 2022	Less than 1 years AED	1 to 5 years AED	Over 5 years AED	No maturity date AED	Total AED
Assets					
Cash and cash equivalents	**132,823,578**	-	-	-	**132,823,578**
Financial assets measured at fair value through profit or loss (excluding unit linked investments)	-	-	-	**101,701**	**101,701**
Other receivables	**45,719,617**	-	-	-	**45,719,617**
Takaful receivables	**63,492,354**	-	-	-	**63,492,354**
Financial assets measured at fair value through other comprehensive income	-	-	-	**31,384,607**	**31,384,607**
Statutory deposit	-	-	**10,000,000**	-	
Assets under discontinued operations	**1,583,321**	-	-	-	**1,583,321**
	243,618,870	-	**10,000,000**	**31,486,308**	**275,105,178**
Liabilities					
Trade and other payables	**50,071,273**	-	-	-	**50,071,273**
Takaful payables	**83,640,006**	-	-	-	**83,640,006**
Amounts held under retakaful treaties	**7,198,798**	-	-	-	**7,198,798**
Liabilities directly associated with assets under discontinued operations	**12,947,356**	-	-	-	**12,947,356**
	153,857,433	-	-	-	**153,857,433**

34D Market risk

Market risk arises from fluctuations in foreign exchange rates, profit rates and equity prices. The value of risk that may be accepted by the Group is monitored on a regular basis by the Board of Directors.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain investments denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	2022 AED	2021 AED
Algerian Dinar (DZD)	-	30,756,256

The majority of the assets and liabilities are denominated in either U.A.E. Dirhams or US Dollars, which is pegged to the U.A.E. Dirhams. The following table details the Group's sensitivity to a 5% (decrease) / increase in the UAE Dirham against the relevant foreign currencies. 5% represents management's assessment of the possible change in foreign exchange rates.

34 RISK MANAGEMENT (continued)

34D Market risk (continued)

Foreign currency risk (continued)

The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the UAE Dirham strengthens 5% against the relevant currency. For a 5% weakening of the UAE Dirham against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Other comprehensive income	
	2022	2021
	AED	AED
Algerian Dinar (DZD)	**-**	1,537,813

This is attributable to the exposure to the FVOCI investments at each year end.

Profit rate risk

Profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market rates. Floating rate instruments expose the Group to cash flow risk. The Group is exposed to profit rate risk on some of its investments and deposits. The Group limits its risk by monitoring changes in such rates. Details of maturities of the major classes of profit generating financial instruments as at 31 December 2022 and 2021 are as follows:

As at 31 December 2022	**Less than 1 years AED**	**1 to 5 years AED**	**Over 5 years AED**	**Total AED**	**Effective profit rate AED**
Assets					
Statutory deposit	**10,000,000**	**-**	**-**	**10,000,000**	**0.65%**
	10,000,000	**-**	**-**	**10,000,000**	
Liabilities					
Murabaha payable	-	-	-	-	
	-	-	-	-	

As at 31 December 2021	**Less than 1 years AED**	**1 to 5 years AED**	**Over 5 years AED**	**Total AED**	**Effective profit rate AED**
Assets					
Wakala deposits with banks with original maturities of more than three months	10,000,000	-	-	10,000,000	0.70% to 1.00%
Statutory deposit	10,000,000	-	-	10,000,000	0.65%
	20,000,000	-	-	20,000,000	
Liabilities					
Murabaha payable	15,228,543	-	-	15,228,543	2.5%+ 6M EIBOR
	15,228,543	-	-	15,228,543	

34 RISK MANAGEMENT (continued)

34D Market risk (continued)

Profit rate risk (continued)

The impact of changes in profit rate risk is not expected to be significant for the Group, as all financial assets and financial liabilities bears fixed profit rates except murabaha payable for which any change in profit rate will have an immaterial impact on these consolidated financial statements.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

The following table shows the sensitivity of fair values to 10% increase or decrease as at 31 December:

	Reflected in income statement		Reflected in other comprehensive income	
	Favourable change AED	Unfavourable change AED	Favourable change AED	Unfavourable change AED
As at 31 December 2022				
Financial assets measured at fair value	**78,239,285**	**(78,239,285)**	**3,138,461**	**(3,138,461)**
As at 31 December 2021				
Financial assets measured at fair value	90,991,331	(90,991,331)	7,024,110	(7,024,110)

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

35 FAIR VALUE OF FINANCIAL INSTRUMENTS

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 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).
- 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).

35 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Financial assets	***Fair value as at*** ***31 December 2022 AED'000***	*31 December 2021 AED'000*	***Fair value hierarchy***	***Valuation techniques and key inputs***	***Significant unobservable input***	***Relationship of unobservable inputs to fair value***
Financial assets at FVOCI						
Quoted equity securities	**27,828**	35,928	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity securities	**3,557**	34,313	Level 3	Net assets valuation method and comparable multiples approach	Net assets value	Higher the net assets value of the investees, higher the fair value
Financial assets at FVTPL						
Quoted equity securities	**102**	5,428	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity securities	**-**	41,230	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of the investees, higher the fair value
Unit linked investments	**782,291**	863,256	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of the investees, higher the fair value

There were no transfers between each of the levels during the years ended 31 December 2022 and 2021.

There were no changes in the valuation techniques and key inputs during the year ended 31 December 2022 and 2021.

	2022 AED'000	2021 AED'000
At 1 January	**34,313**	30,656
Additions	**-**	3,493
Selling	**(30,756)**	-
Changes in fair value	**-**	164
At 31 December	**3,557**	34,313

35 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurement of financial assets measured at FVTPL:

	2022 **AED'000**	2021 AED'000
Unit linked investments		
At 1 January	**863,256**	839,411
Net change during the year (change in fair value and net investment/withdrawal)	**(80,965)**	23,845
At 31 December	**782,291**	863,256
Unquoted equity securities		
At 1 January	**41,230**	30,801
Purchases during the year	**-**	18,382
Selling during the year	**(41,230)**	-
Change in fair value during the year	**-**	(7,953)
At 31 December	**-**	41,230

The investments classified under Level 3 category have been fair-valued based on information available for each investment. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 (other than unit linked investments), changing one or more of the assumptions by 5% would have an impact of AED 177,850 (2021: AED 3,777,141).

36 SIGNIFICANT EVENTS

The former CEO of the Group resigned on 10 July 2013. The Group entered into an agreement with the former CEO on 9 July 2013 for the payment and / or transfer of certain investments that were held by him for the beneficial interest of the Group. These investments with a total carrying value of AED 9.1 million (2021: AED 9.1 million) which had been in his name, were sold during the year to a third party buyer, and the proceeds from the sale of these shares have been transferred to the Group and duly accounted for.

The Group also had other assets held by an entity controlled by the former CEO on behalf of the Group which have since been disposed of without the Group's approval. The total value of these assets on the date of purchase was approximately AED 11.3 million (2021: AED 11.3 million). The Group has initiated legal proceedings in regard to the recovery of the said amount. Moreover, the group has taken all the executive legal procedures concerning the recovery of the claim. These assets have been fully provided for in the consolidated statement of financial position as of 31 December 2022 and 31 December 2021 and recognition of the contingent asset will only be made once the success of the legal action is certain.

37 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2022 were approved by the Board of Directors and authorised for issue on 28 March 2023. The Directors have the power to amend the consolidated financial statements after issue.

38 SURPLUS / (DEFICIT) IN TAKAFUL OPERATIONS' FUND

	2022 TOTAL	**2022 NON-LIFE**	**2022 LIFE**	2021 TOTAL	2021 NON-LIFE	2021 LIFE
Balance at 1 January	**(10,172,557)**	**4,931,803**	**(15,104,360)**	6,870,801	15,729,366	(8,858,565)
(Deficit) / surplus for the period attributable to takaful operations – (note 42(a))	**(34,825,587)**	**(23,596,774)**	**(11,228,813)**	(16,302,700)	(10,343,753)	(5,958,947)
Adjustment on retakaful placement provision	-	-	-	(66,631)		(66,631)
Transfer to retakaful placement provision during the period – (note 18.3)	**(682,870)**	**(477,538)**	**(205,332)**	(674,027)	(453,810)	(220,217)
(Deficit)/Surplus in takaful operations' fund as at period / year end	**(45,681,014)**	**(19,142,509)**	**(26,538,505)**	(10,172,557)	4,931,803	(15,104,360)

Qard Hassan against deficit in takaful operations' fund

Balance at 1 January	**15,104,360**	**-**	**15,104,360**	-	-	-
Qard Hassan against deficit in takaful operations' fund	**30,576,654**	**19,142,509**	**11,434,145**	15,104,360	-	15,104,360
Qard Hassan against deficit in takaful operations' fund (Ending)	**45,681,014**	**19,142,509**	**26,538,505**	15,104,360	-	15,104,360
Surplus in takaful operations' fund (Net)	-	-	-	4,931,803	4,931,803	-

39 CORPORATE TAXATION

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective from 1 June 2023 and accordingly, it will have an income tax related impact on the consolidated financial statements for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding AED 375,000 based on information released by the Ministry of Finance. In addition, there are several other decisions that were yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and taxable income, as at and for the year ended 31 December 2022. Therefore, pending such important decisions by the Cabinet, the Group has considered that the Law, as at 31 December 2022, is neither enacted nor substantively enacted from the perspective of IAS 12 – Income Taxes. The Group continues to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes, both from current and deferred tax perspective.

40 SUBSEQUENT EVENTS

Sale of the general takaful portfolio

Subsequent to the year end, the Group initiated the transfer of the general, medical, and a portion of family takaful portfolios to Islamic Arab Insurance Co. (SALAMA) PSC, an entity incorporated in the United Arabic Emirates. The finalisation of the transaction is subject to regulatory approvals.

Change of status of the Company

As per the AGM meeting held on 6/2/2023, the Shareholders issued a special resolution approving the board of directors' decision to exist and sell insurance portfolio to SALAMA and authorizing the Company's board of directors to complete all procedures with authorities and Policy holders to exit insurance business and transform the Company's activities into an investment Company.

Sale of the individual life portfolio

The Company has reached an agreement to transfer the individual life insurance portfolio to Abu Dhabi National Takaful Company, subject to regulatory approvals. The Company has submitted an application to CBUAE -Insurance Sector to approve the sale and will complete the necessary procedures to finalize the transaction between the two companies.

41 CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SHAREHOLDERS AND TAKAFUL OPERATIONS' ASSETS AND LIABILITIES

	2022 AED	2021 AED
ASSETS		
Takaful operations assets		
Cash and cash equivalents	**56,659,604**	63,475,541
Wakala deposits with banks with original maturities of more than three months	**-**	3,000,000
Retakaful contract assets:		
Unearned contribution and unexpired risk reserves	**32,746,791**	27,536,803
Claims reported unsettled	**76,039,891**	63,804,981
Mathematical reserve	**3,914,042**	784,307
Claims incurred but not reported	**30,915,329**	31,996,117
Takaful receivables	**63,492,354**	50,103,381
Financial assets measured at fair value through other comprehensive income (FVOCI)	**-**	13,705,475
Financial assets measured at fair value through profit and loss (FVTPL)	**782,310,168**	864,124,067
Investment property	**9,352,306**	10,642,270
Due from shareholders	**98,750,239**	47,058,083
Total takaful operations' assets	**1,154,180,724**	1,176,231,025

41 CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SHAREHOLDERS AND TAKAFUL OPERATIONS' ASSETS AND LIABILITIES (continued)

	2022 AED	2021 AED
Shareholders' assets		
Cash and cash equivalents	**76,163,974**	24,563,581
Wakala deposits with banks with original maturities of more than three months	**-**	7,000,000
Statutory deposit	**10,000,000**	10,000,000
Retakaful contract assets:		
Mathematical reserve	**422,639**	
Financial assets measured at fair value through other comprehensive income (FVOCI)	**31,384,607**	56,535,629
Financial assets measured at fair value through profit and loss (FVTPL)	**82,679**	45,789,238
Prepayments and other receivables	**48,846,449**	9,101,920
Deferred policy acquisition costs	**8,698,704**	10,532,066
Investment property	**40,647,694**	46,254,230
Property and equipment	**150,018**	237,424
Assets under discontinued operations	**1,583,321**	1,583,321
Total shareholders assets	**217,980,085**	211,597,409
Total assets	**1,372,160,809**	1,387,828,434

	2022 AED	2021 AED
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		
Takaful operations liabilities		
Trade and other payables	**22,945,613**	22,999,333
Takaful payables	**83,640,006**	59,067,328
Takaful contract liabilities:		
Unearned contribution and unexpired risk reserves	**96,363,273**	89,999,681
Claims reported unsettled	**95,298,668**	84,155,390
Mathematical reserve	**5,220,233**	2,470,951
Claims incurred but not reported	**52,142,087**	49,954,086
Unallocated loss adjustment expenses	**3,521,639**	3,673,555
Unit linked liabilities	**782,291,146**	863,256,172
Deferred discount	**5,050,033**	5,744,747
Amounts held under retakaful treaties	**7,198,798**	6,753,321
Total takaful operations' liabilities	**1,153,671,496**	1,188,074,564
Takaful operations' deficit		
Deficit in takaful operations' fund	**(45,681,014)**	(10,172,557)
Qard Hassan from shareholders	**45,681,014**	15,104,360
Retakaful placement provision	**2,789,593**	2,106,721
Takaful operations' investments revaluation reserve	**(2,280,365)**	(18,882,063)
Total deficit from takaful operations	**509,228**	(11,843,539)
Total takaful operations' liabilities and surplus	**1,154,180,724**	1,176,231,025

41 CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SHAREHOLDERS AND TAKAFUL OPERATIONS' ASSETS AND LIABILITIES (continued)

	2022 AED	2021 AED
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Trade and other payables	**27,125,660**	34,376,182
Murabaha payable	**-**	15,228,543
Takaful contract liabilities:		
Mathematical reserve	**1,969,599**	-
Due to takaful operations	**98,750,239**	47,058,083
Liabilities directly associated with assets under discontinued operations	**12,947,356**	12,947,356
Total shareholders' liabilities	**140,792,854**	109,610,164
Shareholders' equity		
Share capital	**225,750,000**	225,750,000
Legal reserve	**6,309,669**	6,309,669
General reserve	**6,309,669**	6,309,669
Investments revaluation reserve - FVOCI	**(13,151,220)**	(56,093,581)
Accumulated losses	**(146,704,914)**	(78,961,422)
Equity attributable to shareholders of the Parent	**78,513,204**	103,314,335
Non-controlling interest	**(1,325,973)**	(1,327,090)
Total equity	**77,187,231**	101,987,245
Total shareholders' liabilities and equity	**217,980,085**	211,597,409
Total takaful operations liabilities and deficit, shareholders' liabilities and equity	**1,372,160,809**	1,387,828,434

42(a) CONSOLIDATED STATEMENT OF INCOME – ATTRIBUTABLE TO SHAREHOLDERS AND TAKAFUL OPERATIONS

	Notes	2022 AED	2021 AED
Attributable to takaful operations			
Takaful income			
Gross takaful contributions	20	**253,541,442**	249,455,606
Retakaful share of gross takaful contributions	20	**(136,573,840)**	(134,805,428)
Net takaful contributions written		**116,967,602**	114,650,178
Change in unearned contributions and unexpired risk reserves – net		**(1,153,604)**	(12,036,926)
Change in mathematical reserve - net	7.3	**(1,166,507)**	460,925
Net takaful contributions earned		**114,647,491**	103,074,177
Discount received on ceded Retakaful	19	**16,995,865**	17,415,921
Policy fees	22	**686,302**	9,077,821
Total takaful income		**132,329,658**	129,567,919
Takaful expenses			
Gross claims paid		**(137,512,703)**	(107,974,404)
Retakaful share of gross claims paid		**40,844,341**	37,501,886
Net takaful claims		**(96,668,362)**	(70,472,518)
Change in provision for claims reported unsettled – net		**1,091,632**	(6,428,481)
Change in incurred but not reported claims – net		**(3,268,789)**	7,144,350
Change in unallocated loss adjustment expenses reserve		**151,916**	(1,329,559)
Net claims incurred		**(98,693,603)**	(71,086,208)
		33,636,055	58,481,711
Wakala fees	22	**(67,569,542)**	(75,568,061)
Investment income	23	**(892,100)**	1,044,867
Mudarib's share	22	**-**	(261,217)
Net loss from takaful operation for the year		**(34,825,587)**	(16,302,700)
Attributable to shareholders			
Income			
Wakala fees	22	**67,569,542**	75,568,061
Mudarib's share	22	**-**	261,217
Investment income	23	**969,727**	6,304,441
Other operating income		**7,747,892**	-
		76,287,161	82,133,719
Expenses			
Policy acquisition cost	19	**(28,613,645)**	(24,602,878)
General and administrative expenses	24	**(27,219,787)**	(30,131,071)
Contributions from Qard Hassan to takaful operations	38	**(30,576,654)**	(15,104,360)
		(86,410,086)	(69,838,309)
(Loss) / Profit for the year from continuing operations		**(10,122,925)**	12,295,410
Loss for the year from discontinued operations	30	**(38,831)**	(5,677)
(Loss) / Profit for the year		**(10,161,756)**	12,289,733
Attributable to:			
Shareholders of the parent		**(10,162,873)**	12,290,301
Non-controlling interest		**1,117**	(568)
		(10,161,756)	12,289,733
(Loss)/ Earnings per share	25	**(0.045)**	0.054

42(b) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – ATTRIBUTABLE TO SHAREHOLDERS AND TAKAFUL OPERATIONS

	2022 AED	2021 AED
Attributable to takaful operations		
Deficit from takaful operations for the year	**(34,825,587)**	(16,302,700)
Other comprehensive loss		
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets carried at fair value through other comprehensive income	**1,434,712**	2,144,859
Total comprehensive loss for the year attributable to takaful operations	**(33,390,875)**	(14,157,841)
Attributable to shareholders:		
(Loss) / Profit for the year	**(10,161,756)**	12,289,733
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets carried at fair value through other comprehensive income	**1,008,726**	6,358,597
Total comprehensive (loss)/income for the year	**(9,153,030)**	18,648,330
Attributable to:		
Shareholders of the parent	**(9,154,147)**	18,648,898
Non-controlling interest	**1,117**	(568)
	(9,153,030)	18,648,330

43 CONSOLIDATED STATEMENT OF FINANCIAL POSITION – TAKAFUL OPERATIONS' ASSETS AND LIABILITIES (LIFE AND NON-LIFE)

	2022 Total	***2022 Non-life***	***2022 Life***	*2021 Total*	*2021 Non-life*	*2021 Life*
TAKAFUL OPERATIONS' ASSETS						
Cash and cash equivalents	**56,659,604**	**45,390,344**	**11,269,260**	63,475,541	45,788,228	17,687,313
Wakala deposits with banks with original maturities of more than three months	**-**	**-**	**-**	3,000,000	3,000,000	-
Retakaful contract assets				-	-	-
Unearned contribution and unexpired risk reserves	**32,746,791**	**22,576,638**	**10,170,153**	27,536,803	23,808,467	3,728,336
Claims reported unsettled	**76,039,891**	**72,450,134**	**3,589,757**	63,804,981	61,651,145	2,153,836
Mathematical reserve	**3,914,042**	**-**	**3,914,042**	784,307	-	784,307
Claims incurred but not reported	**30,915,329**	**26,250,728**	**4,664,601**	31,996,117	28,690,155	3,305,962
Takaful receivables	**63,492,354**	**51,325,290**	**12,167,064**	50,103,381	47,584,214	2,519,167
Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	13,705,475	13,705,475	-
Financial assets measured at fair value through profit and loss	**782,310,168**	**19,022**	**782,291,146**	864,124,067	867,895	863,256,172
Investment property	**9,352,306**	**9,352,306**	**-**	10,642,270	10,642,270	-
Due from shareholders	**98,750,239**	**85,114,636**	**13,635,603**	47,058,083	50,405,107	(3,347,024)
Total takaful operations' assets	**1,154,180,724**	**312,479,098**	**841,701,626**	63,475,541	45,788,228	17,687,313
TAKAFUL OPERATIONS' LIABILITIES						
Trade and other payables	**22,945,613**	**22,945,613**	**-**	22,999,333	22,999,333	-
Takaful payables	**83,640,006**	**54,424,351**	**29,215,655**	59,067,328	47,056,612	12,010,716
Takaful contract liabilities:				-	-	-
Unearned contribution and unexpired risk reserves	**96,363,273**	**83,092,782**	**13,270,491**	89,999,681	85,134,774	4,864,907
Claims reported unsettled	**95,298,668**	**90,915,676**	**4,382,992**	84,155,390	81,531,117	2,624,273
Mathematical reserve	**5,220,233**	**-**	**5,220,233**	2,470,951	-	2,470,951
Claims incurred but not reported	**52,142,087**	**46,673,272**	**5,468,815**	49,954,086	45,975,933	3,978,153
Unallocated loss adjustment expenses	**3,521,639**	**3,443,158**	**78,481**	3,673,555	3,617,085	56,470
Unit linked liabilities	**782,291,146**	**-**	**782,291,146**	863,256,172	-	863,256,172
Deferred discount	**5,050,033**	**4,091,572**	**958,461**	5,744,747	5,528,340	216,407
Amounts held under retakaful treaties	**7,198,798**	**7,198,798**	**-**	6,753,321	6,753,321	-
Total takaful operations' liabilities	**1,153,671,496**	**312,785,222**	**840,886,274**	1,188,074,564	298,596,515	889,478,049
TAKAFUL OPERATIONS' DEFICIT						
(Deficit) / surplus in takaful operations' fund	**(45,681,014)**	**(19,142,509)**	**(26,538,505)**	(10,172,557)	4,931,803	(15,104,360)
Qard Hassan from shareholders	**45,681,014**	**19,142,509**	**26,538,505**	15,104,360	-	15,104,360
Retakaful placement provision	**2,789,593**	**1,974,241**	**815,352**	2,106,721	1,496,701	610,020
Takaful operations' investments revaluation reserve	**(2,280,365)**	**(2,280,365)**	**-**	(18,882,063)	(18,882,063)	-
Total (deficit) / surplus from takaful operations	**509,228**	**(306,124)**	**815,352**	(11,843,539)	(12,453,559)	610,020
Total takaful operations liabilities and deficit	**1,154,180,724**	**312,479,098**	**841,701,626**	1,176,231,025	286,142,956	890,088,069

44 CONSOLIDATED STATEMENT OF INCOME - LIFE AND NON-LIFE

	2022 Total	***2022 Non-life***	***2022 Life***	*2021 Total*	*2021 Non-life*	*2021 Life*
Takaful income						
Gross takaful contributions	**253,541,442**	**204,147,078**	**49,394,364**	249,455,606	196,929,613	52,525,993
Retakaful share of gross takaful contributions	**(136,573,840)**	**(95,507,439)**	**(41,066,401)**	(134,805,428)	(90,761,988)	(44,043,440)
Net takaful contributions written	**116,967,602**	**108,639,639**	**8,327,963**	114,650,178	106,167,625	8,482,553
Change in unearned contributions and unexpired risk reserves – net	**(1,153,604)**	**810,163**	**(1,963,767)**	(12,036,926)	(12,283,394)	246,468
Change in mathematical reserve - net	**(1,166,507)**	**-**	**(1,166,507)**	460,925	-	460,925
Net takaful contributions earned	**114,647,491**	**109,449,802**	**5,197,689**	103,074,177	93,884,231	9,189,946
Discount received on ceded Retakaful	**16,995,865**	**13,867,718**	**3,128,147**	17,415,921	15,267,999	2,147,922
Policy fees	**686,302**	**684,589**	**1,713**	9,077,821	727,417	8,350,404
Total takaful income	**132,329,658**	**124,002,109**	**8,327,549**	129,567,919	109,879,647	19,688,272
Takaful expenses						
Gross claims paid	**(137,512,703)**	**(117,841,335)**	**(19,671,368)**	(107,974,404)	(90,278,161)	(17,696,243)
Retakaful share of gross claims paid	**40,844,341**	**23,955,735**	**16,888,606**	37,501,886	22,921,548	14,580,338
Net takaful claims	**(96,668,362)**	**(93,885,600)**	**(2,782,762)**	(70,472,518)	(67,356,613)	(3,115,905)
Change in provision for claims reported unsettled – net	**1,091,632**	**1,414,430**	**(322,798)**	(6,428,481)	(6,871,922)	443,441
Change in incurred but not reported claims – net	**(3,268,789)**	**(3,136,766)**	**(132,023)**	7,144,350	6,896,263	248,087
Change in unallocated loss adjustment expenses reserve	**151,916**	**173,927**	**(22,011)**	(1,329,559)	(1,364,069)	34,510
Net claims incurred	**(98,693,603)**	**(95,434,009)**	**(3,259,594)**	(71,086,208)	(68,696,341)	(2,389,867)
	33,636,055	**28,568,100**	**5,067,955**	58,481,711	41,183,306	17,298,405
Wakala fees	**(67,569,542)**	**(51,272,774)**	**(16,296,768)**	(75,568,061)	(52,310,709)	(23,257,352)
Investment income	**(892,100)**	**(892,100)**	**-**	1,044,867	1,044,867	-
Mudarib’s share	**-**	**-**	**-**	(261,217)	(261,217)	-
Net loss from takaful operation for the year	**(34,825,587)**	**(23,596,774)**	**(11,228,813)**	(16,302,700)	(10,343,753)	(5,958,947)