UNITED FIDELITY INSURANCE COMPANY P.S.C.

Condensed interim financial information (Unaudited)
For the period ended 31 March 2023

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Fidelity Insurance Company (P.S.C.) (the "Company") as at 31 March 2023 and the related condensed interim income statement, condensed interim statement of comprehensive income for the three months period then ended, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three months period then ended and explanatory information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

GRANT THORNTON

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Public Accountants

GRANT THORNTON

Dr. Osama El-Bakry
Registration No. 935
Dubai, United Arab Emirates
15 May 2023

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

Condensed interim statement of financial position
As at 31 March 2023

	Notes	(Unaudited) 31 March 2023 AED	Restated (Unaudited) 31 December 2022 AED
Assets			
Property and equipment		**21,481,304**	22,960,860
Investment properties	4	**46,783,999**	46,783,999
Investments at fair value through profit and loss	5	**119,465,770**	103,295,993
Investments at fair value through other comprehensive income (FVTOCI)	5	**119,606,545**	122,132,728
Insurance contract assets	6	**517,288**	78,986
Reinsurance contract assets	6	**177,750,390**	149,187,961
Prepayments and others		**7,502,649**	3,369,402
Statutory deposits	7	**10,000,000**	10,000,000
Other receivables		**12,235,840**	4,305,356
Bank balances and cash	8	**53,711,493**	58,736,058
Total assets		**569,055,278**	520,851,343
Equity and liabilities			
Equity			
Share capital	9	**160,000,000**	160,000,000
Statutory reserve	10	**1,375,495**	1,375,495
General reserve		**447,524**	447,524
Reinsurance reserve		**2,989,376**	2,989,376
Cumulative change in fair value of FVTOCI investments		**(8,370,826)**	(6,621,482)
Accumulated losses		**(27,785,418)**	(21,793,997)
Total equity		**128,656,151**	136,396,916
Liabilities			
Employees' end of service benefits		**4,008,978**	4,149,775
Insurance contract liabilities	6	**386,767,853**	339,140,978
Reinsurance contract liabilities	6	**7,793,463**	7,500,606
Lease liabilities		**15,873,981**	17,567,692
Other payables		**25,954,852**	16,095,376
Total liabilities		**440,399,127**	384,454,427
Total equity and liabilities		**569,055,278**	520,851,343

This condensed interim financial information was authorised for issue on 15 May 2023 by the Board of Directors and signed on its behalf by:

Chairman

Chief Executive Officer

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

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

Condensed interim income statement
For the period ended 31 March 2023

	Notes	(Unaudited) Three-month period ended 31 March 2023 AED	Restated (Unaudited) Three-month period ended 31 March 2022 AED
Insurance revenue	12	**127,134,267**	93,440,856
Insurance service expenses	13	**(142,510,309)**	(84,390,355)
Insurance service result before reinsurance contracts held		**(15,376,042)**	9,050,501
Allocation of reinsurance premiums		**(67,036,253)**	(43,494,026)
Amounts recoverable from reinsurance for incurred claims		**70,796,016**	30,032,031
Net recovery/(expenses) from reinsurance contracts held		**3,759,763**	(13,461,995)
Insurance service result		**(11,616,279)**	(4,411,494)
Net investment income	14	**7,547,540**	7,616,540
Finance (expenses) / income from insurance contracts issued	14	**(3,883,807)**	1,346,276
Finance income /(expenses) from reinsurance contracts held	14	**2,136,131**	(1,197,664)
Net insurance (expenses) / income		**(1,747,676)**	148,612
Net insurance and investment results		**5,799,864**	7,765,152
Other operating expenses		**(175,006)**	(203,139)
(Loss)/profit for the period		**(5,991,421)**	3,150,519
Basic and diluted (loss)/earnings per share	11	**(0.037)**	0.026

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

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

Condensed interim statement of comprehensive income
For the period ended 31 March 2023

	(Unaudited) Three-month period ended 31 March 2023 AED	Restated (Unaudited) Three-month period ended 31 March 2022 AED
(Loss)/ profit for the period	**(5,991,421)**	3,150,519
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Net change in fair value of equity investments designated at FVTOCI	**(3,945,668)**	10,520,569
Gain / (loss) on sale of equity instruments designated at FVTOCI	**2,196,324**	(5,333,329)
Total other comprehensive (loss)/ income for the period	**(1,749,344)**	5,187,240
Total comprehensive (loss)/ income for the period	**(7,740,765)**	8,337,759

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

Condensed interim statement of changes in equity
For the period ended 31 March 2023

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Cumulative change in fair value of FVTOCI investments AED	Accumulated losses AED	Total equity AED
Balance at 1 January 2022, as previously reported	100,000,000	1,307,173	1,119,524	1,740,629	13,867,416	(17,441,337)	100,593,405
Adjustment on initial application of IFRS 17	-	-	-	-	-	(6,726,983)	(6,726,983)
Restated balance at 1 January 2022	100,000,000	1,307,173	1,119,524	1,740,629	13,867,416	(24,168,320)	93,866,422
Profit for the period (restated)	-	-	-	-	-	3,150,519	3,150,519
Other comprehensive income for the period	-	-	-	-	5,187,240	-	5,187,240
Total comprehensive income for the period	-	-	-	-	5,187,240	3,150,519	8,337,759
Shares issued during the period	60,000,000	-	-	-	-	-	60,000,000
Transaction cost on issue of share	-	-	(672,000)	-	-	-	(672,000)
Balance at 31 March 2022 (unaudited)	160,000,000	1,307,173	447,524	1,740,629	19,054,656	(21,017,801)	161,532,181
Balance at 1 January 2023, as previously reported	**160,000,000**	**1,375,495**	**447,524**	**2,989,376**	**(6,621,482)**	**(18,075,189)**	**140,115,724**
Adjustment on initial application of IFRS 17	**-**	**-**	**-**	**-**	**-**	**(3,718,808)**	**(3,718,808)**
Restated balance as at 1 January 2023	**160,000,000**	**1,375,495**	**447,524**	**2,989,376**	**(6,621,482)**	**(21,793,997)**	**136,396,916**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(5,991,421)**	**(5,991,421)**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**	**(1,749,344)**	**-**	**(1,749,344)**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**(1,749,344)**	**(5,991,421)**	**(7,740,765)**
Balance at 31 March 2023 (Unaudited)	**160,000,000**	**1,375,495**	**447,524**	**2,989,376**	**(8,370,826)**	**(27,785,418)**	**128,656,151**

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

Condensed interim statement of cash flows
For the period ended 31 March 2023

	Notes	(Unaudited) Three-month period ended 31 March 2023 AED	Restated (Unaudited) Three-month period ended 31 March 2022 AED
Cash flows from operating activities			
(loss)/profit for the period		**(5,991,421)**	3,150,519
Adjustments for:			
Depreciation of property and equipment		**1,307,696**	515,817
Change in fair value for investments at FVTPL	5	**(618,132)**	3,228,511
Investment income		**(6,957,617)**	(10,913,706)
Expected credit loss		**487,487**	299,379
Interest expense on lease liability		**139,060**	65,940
Provision for employees' end of service indemnity		**148,922**	241,590
Operating cash flows before changes in working capital		**(11,484,005)**	(3,411,950)
Changes in working capital:			
Insurance, other receivables, and prepayments		**(12,063,733)**	(4,421,770)
Reinsurance contract assets (insurance contract assets)		**(29,488,220)**	7,521,532
Technical provisions (insurance contract liabilities)		**47,919,732**	(180,480)
Accounts payable, insurance liabilities and premium collected in advance		**9,859,481**	(1,033,033)
Cash generated from / (used in) operations		**4,743,255**	(1,525,701)
Employees end of service indemnity paid		**(289,720)**	(61,554)
Net cash generated from / (used in) operating activities		**4,453,535**	(1,587,255)
Cash flows from investing activities			
Disposal/(purchase) of property and equipment		**171,863**	(532,119)
Deposits redeemed /(placed) during the period		**10,000,000**	(10,000,000)
Proceeds from disposal of investments at FVTOCI		**22,869,559**	21,420,790
Purchase of investments at FVTOCI	5	**(22,092,719)**	(11,445,758)
Interest received		**1,073,816**	209,285
Proceeds from disposal of investments at FVTPL		**8,990,652**	3,827,885
Purchase of investments at FVTPL	5	**(24,130,738)**	(16,162,377)
Dividend received		**5,011,254**	4,397,699
Income received from investment properties		**460,987**	330,196
Net cash generated from / (used in) investing activities		**2,354,674**	(7,954,399)
Cash flows from financing activities			
Proceeds from issuance of share capital		**-**	60,000,000
Payment of transaction charges towards rights issue		**-**	(672,000)
Interest paid		**(139,063)**	(65,940)
Payment of lease liability		**(1,693,711)**	(333,984)
Net cash (used in) / generated from financing activities		**(1,832,774)**	58,928,076
Net increase in cash and cash equivalents		**4,975,435**	49,386,422
Cash and cash equivalents at beginning of the period		**35,736,058**	38,998,762
Cash and cash equivalents at end of the period		**40,711,493**	88,385,184

1 Legal status and activities

United Fidelity Insurance Company (P.S.C.) (the "Company) is a public shareholding company was registered in the Emirate of Ras Al Khaimah by Emiri decree No. 13/76 issued by the ruler of Ras Al Khaimah on 15 June 1976, which was amended by the Emiri decree No. 10/77 issued on 15 December 1977. The Company is subject to the regulations of the UAE Federal Law No. 32 of 2021 and the UAE Federal Law No. (6) of 2007 relating to commercial companies in the UAE and is registered in the Insurance Companies Register of Central Bank of the United Arab Emirates under registration number 8.

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

The principal activity of the Company is the writing of all classes of general and life insurance. The Company operates through its Head Office in Dubai and branch offices in Abu Dhabi, Ras Al Khaimah, Sharjah and Fujairah. This condensed interim financial information was authorised for issue in accordance with a resolution of the directors on 15 May 2023.This condensed interim financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No.47 of 2022 on the Taxation of Corporations and Businesses which will be effective for tax periods commencing on or after 1 June 2023. There is no impact of this announcement on the financial statements of the Company for the quarter ended 31 March 2023. Management is currently assessing the implications of this Federal Corporate Tax.

2 Basis of preparation

This condensed interim financial information is for the three-month period ended 31 March 2023 and is presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. This condensed interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' and complies with the applicable requirements of the laws in the U.A.E.

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

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

The condensed interim financial information does not include all the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2022. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The company is not in compliance with the solvency requirements for CBUAE. Management has devised a plan to rectify this.

3 Significant accounting policies

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

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

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

IFRS 17 Insurance Contracts

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

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

The Company applies the PAA to simplify the measurement of contracts in the non-life segment, except for groups of acquired contracts that do not qualify for the PAA. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

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

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

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

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred acquisition expenses less amounts recognised in revenue for insurance services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of coverage are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision); and
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk.

The Company capitalises its insurance acquisition cash flows.. No separate asset is recognised for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

Changes to presentation and disclosure

For presentation in the condensed interim statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Groups of insurance and reinsurance contracts issued that are assets;
- Groups of insurance and reinsurance contracts issued that are liabilities;
- Groups of reinsurance contracts held that are assets; and
- Groups of reinsurance contracts held that are liabilities.

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the condensed interim statement of profit or loss and condensed interim other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, intangible assets related to insurance contracts (previously referred to as 'value of business acquired'), insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- recognised any resulting net difference in equity.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each condensed interim financial information line item and EPS. The effects of adopting IFRS 17 on the condensed interim financial information at 1 January 2022 are presented in the condensed interim statement of changes in equity.

Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by profitability committee that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Company has a Profitability Assessment Committee that meets at regular intervals to determine the profitability groupings of each portfolio of contracts. The committee acts as a forum to collect input from the pricing and underwriting functions and assess the relevant facts and circumstances which indicate that groups of contracts are onerous at initial recognition.

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Level of Aggregation (continued)

Below are some of the relevant facts and circumstances that the Company considers:

- Evaluation of expected combines ratios;
- Pricing information;
- Results of similar contracts it has recognised; and
- Environment factors, e.g., a change in market experience or regulations.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Company recognises a group of reinsurance contracts held:
- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group the Company adds new contracts to the group when they are issued or initiated.

Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Level of Aggregation (continued)

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including coverage arising from all premiums within the contract boundary.

Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

Recognition

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

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

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

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

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

Level of Aggregation

Level of aggregation relates to the unit of account under IFRS 17. The unit of account under IFRS 17 is referred to as a 'Group of Contracts' and requirements relating to level of aggregation define how groups of contracts have to be determined.
The standard has set out the following three requirements to determine a group of contracts:

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

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

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

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Level of Aggregation (continued)

Cohorts

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

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

Measurement Models

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

Premium Allocation Approach ("PAA")

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

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

Liability for Remaining Coverage ("LRC")

- Excluding Loss Component
- Loss Component, if any

Liability for Incurred Claims ("LIC")

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

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

General Measurement Model ("GMM")

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

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Measurement Models (continued)

Liability for Remaining Coverage ("LRC")

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

Liability for Incurred Claims ("LIC")

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

Variable Fees Approach ("VFA")

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

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

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

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

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Measurement Models (continued)

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

Company's unit-linked business is measured using VFA, all other long-term business is measured using GMM. There are fundamental differences between GMM / VFA and the current methodologies for the long-term business. The key differences are discussed below:

- Under IFRS 17 assets or liabilities will be determined using gross premium calculations as opposed to risk premium calculations. This implies that under IFRS 17 all components of assets or liabilities such as expenses or profits will be computed explicitly. This also implies that expenses or costs that occur only at the start will be deferred implicitly. The impact of this difference cannot be generalised as it depends on whether the implicit margins within risk-premium based calculations are higher or lower than those required in gross-premium based calculations.
- Similar to PAA, GMM and VFA also require an explicit risk adjustment. Risk adjustment is a new requirement, and it does not exist under the current standard. Risk adjustment will increase the liabilities for insurance contracts issued and increases the asset for the reinsurance contracts held.
- IFRS 17 also introduces substantial changes to the pattern in which profits are recognised for long- term contracts it requires that the profits to be recognised in relation to the service provided. The new standard introduces a new measure, 'coverage units', to quantify the services provided in any period. Given that single premium contracts recognise all expected profits at the start of the coverage whereas services are provided throughout that coverage period, it is expected that under IFRS 17 profit recognition for single premium contracts will be delayed and therefore the net liabilities will increase because of this requirement. Similarly, for limited-payment plans, all expected profits are recognised by the end of the payment term and therefore the profits for these will also be relatively delayed in IFRS 17. The impact for regular payment plans will depend on how close the service pattern is to the one currently implied under the plans.
- The definition of revenue under GMM and VFA is quite different for long-term contracts. Under IFRS 17 revenue (or consideration) is more direct and separately includes each component of the premium (i.e., expected claims and expenses and the portion of the profits relating to the period).

Estimates of Future Cashflows

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

Risk Adjustment

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

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Discounting

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

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

For cashflows that are linked to the underlying items for contracts with direct participation features, the discount rates must be consistent with other estimates used to measure insurance contracts. The above two approaches may have to be adjusted to reflect the variability in the underlying items for such cashflows.

Contractual Service Margin ("CSM")

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

Onerous Contracts and Loss Components

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

Transition

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

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

3 Significant accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Key Accounting Policy Choices

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

Accounting Policy	Company
Level of Aggregation – Adopting more granular profitability	Company has adopted the minimum three classifications provided in the standard and not use more granular classifications.
Level of Aggregation – Adopting more granular cohort	Company is using annual cohorts and not using shorter cohorts.
PAA – Deferring insurance acquisition cashflows	Under PAA, in some circumstances, it is allowed to recognise insurance acquisition cashflows as expense when incurred however, the Company does not utilises this choice instead it defers all insurance acquisition cashflows.
PAA – Discounting LIC	Under PAA, in some circumstances, it is allowed not to discount the LIC, but Company is not using this option and discounts all LIC.
Interest Accretion – OCI Option	The standard allows that finance expense can be split between OCI, and P&L. Company aims to reflect entire finance expense in the P&L and plans not split between OCI and P&L.
Transition Approach	The Company has considered a Full Retrospective Approach where it has applied PAA and a Modified Retrospective Approach where it has applied GMM and VFA.

Assumptions

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

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

Presentation and Disclosures

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

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

3 Significant accounting policies (continued)

IFRS 9 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies its financial assets into the following categories:

Financial assets at amortised cost

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

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

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortised cost comprise statutory deposits, cash and cash equivalents, amounts due from related parties and most other receivables.

Financial assets at fair value through profit or loss ('FVTPL')

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

The Company has designated certain financial assets at fair value through profit or loss because designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Financial assets at fair value through other comprehensive income ('FVTOCI')

Investments in equity securities are classified as FVTOCI. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity investments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Fair value measurement

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

3 Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

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

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

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

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

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

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

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

Equity instruments at FVTOCI

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

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

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

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

3 Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

Financial assets at FVTPL

Financial assets at FVTPL are:

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

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

(iii) assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Impairment

The Company recognises loss allowances for expected credit losses on bank balances including statutory and fixed deposits; insurance and other receivables that are not measured at FVTPL; and debt investments measured subsequently at amortised cost or at FVTOCI.

No impairment loss is recognised on equity investments. A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company has elected to measure loss allowances for insurance and other receivables at an amount equal to lifetime ECLs. Current accounts with banks, debt investments measured subsequently at amortised cost or at FVTOCI, fixed deposits and statutory deposits are assessed to have low credit risk as they are held with reputable local banks.

Loss allowance for financial investments measured at amortised costs are deducted from gross carrying amount of assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. Forward-looking information considered includes the future prospects of the industries in which the Company's receivables operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;

3 Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

Impairment (continued)

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company 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 debtor 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.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company 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.

For certain categories of financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to bank balances including statutory and fixed deposits, debt investments measured at amortised cost or FVTOCI, and insurance and other receivables are presented in the statement of profit or loss within "(Charge)/ release of provision for impairment".

Measurement of ECL

The Company employs statistical models for ECL calculations for bank balances, statutory and fixed deposits. ECLs are a probability-weighted estimate of credit losses. The parameters used in calculation were derived from the Company's internally developed statistical models and other historical data. They were adjusted to reflect forward-looking information.

The Company reassessed its impairment loss on its insurance and other receivables portfolio using an expected loss measurement basis using the simplified approach.

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Company assesses whether financial assets carried are credit impaired.

3 Significant accounting policies (continued)

IFRS 9 Financial instruments (continued)

Measurement of ECL (continued)

Derecognition of financial assets

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

Judgements and estimates

The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2022. Except for the below judgements.

Insurance and reinsurance contracts

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

Liability for remaining coverage

For insurance acquisition cash flows, the Company is eligible and chooses to recognise the payments as an expense immediately (coverage period of a year or less) for its property insurance product line. For personal accident insurance, marine insurance and liability reinsurance products, acquisition costs are capitalised.

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

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

Liability for incurred claims

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

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs.

3 Significant accounting policies (continued)

Judgements and estimates (continued)

These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

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

Discount rates

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

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

	1 year		3 years		5 years		10 years	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Personal accident, marine and property contracts issued								
	6.14%	6.44%	5.09%	5.63%	4.75%	5.32%	4.58%	5.12%
	5.29%	5.59%	4.24%	4.78%	3.90%	4.47%	3.73%	4.27%
Liability reinsurance contracts issued								
	6.14%	6.44%	5.09%	5.63%	4.75%	5.32%	4.58%	5.12%
	5.29%	5.59%	4.24%	4.78%	3.90%	4.47%	3.73%	4.27%

Risk adjustment for non-financial risk

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

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

3 Significant accounting policies (continued)

Judgements and estimates (continued)

Insurance and financial risk management

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2022. There have been no changes in any risk management policies since the year end.

4 Investment Properties

Investment properties comprises two commercial buildings in Dubai, UAE.

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as level 3 in the fair value hierarchy as at 31 March 2023 (31 December 2022: level 3).

5 Financial investments

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

	(Unaudited) 31 March 2023 AED	Restated (Unaudited) 31 December 2022 AED
Financial assets at fair value through profit and loss	**119,465,770**	103,295,993
Financial assets at fair value through other comprehensive income	**119,606,545**	122,132,728
	239,072,315	225,428,721

Investments at fair value through other comprehensive income (FVTOCI)

	(Unaudited) 31 March 2023 AED	Restated (Unaudited) 31 December 2022 AED
Inside UAE	**119,254,192**	121,782,329
Outside UAE	**352,353**	350,399
	119,606,545	122,132,728

Movements in financial investments

The gross movements in investments at FVTOCI is as follows:

	(Unaudited) 31 March 2023 AED	Restated (Unaudited) 31 December 2022 AED
Opening balance	**122,132,728**	99,900,850
Purchased during the period/year	**22,092,719**	138,353,415
Sold during the period/year	**(20,673,234)**	(118,032,725)
Changes in fair value during the period/year	**(3,945,668)**	1,911,188
Closing balance	**119,606,545**	122,132,728

5 Financial investments (continued)

The gross movements in investments at FVTPL is as follows:

	(Unaudited) 31 March 2023 AED	Restated (Unaudited) 31 December 2022 AED
Opening balance	**103,295,993**	64,710,250
Purchased during the period/year	**24,130,738**	67,882,451
Sold during the period/year	**(8,579,093)**	(21,210,993)
Changes in fair value during the period/year	**618,132**	(8,085,715)
Closing balance	**119,465,770**	103,295,993

6 Insurance and reinsurance contracts

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

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

Contracts measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		
2023	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	AED	**AED**	**AED**	**AED**	**AED**
Insurance contract liabilities as at 1 January	**43,832,405**	**11,492,744**	**255,603,500**	**15,119,005**	**326,047,654**
Insurance revenue	**(115,970,787)**	**-**	**-**	**-**	**(115,970,787)**
Insurance service expenses	**22,207,804**	**10,554,723**	**105,406,000**	**(418,511)**	**137,750,016**
Incurred claims and other expenses	**-**	**-**	**98,770,784**	**4,231,828**	**103,002,612**
Amortisation of insurance acquisition cash flows	**22,207,804**	**-**	**-**	**-**	**22,207,804**
Losses on onerous contracts and reversals	**-**	**10,554,723**	**-**	**-**	**10,554,723**
Changes to liabilities for incurred claims	**-**	**-**	**6,635,216**	**(4,650,339)**	**1,984,877**
Insurance service result	**(93,762,983)**	**10,554,723**	**105,406,000**	**(418,511)**	**21,779,229**
Insurance finance expense	**-**	**-**	**3,568,093**	**-**	**3,568,093**
Total changes in the statement of comprehensive	**(93,762,983)**	**10,554,723**	**108,974,093**	**(418,511)**	**25,347,322**
Cash flows					
Premiums received	**126,901,110**	**-**	**-**	**-**	**126,901,110**
Claims and other expenses paid	**-**	**-**	**(88,956,184)**	**-**	**(88,956,184)**
Insurance acquisition cash flows	**(19,284,054)**	**-**	**-**	**-**	**(19,284,054)**
Total cash flows	**107,617,056**	**-**	**(88,956,184)**	**-**	**18,660,872**
Net insurance contract liabilities as at 31 March	**57,686,478**	**22,047,467**	**275,621,409**	**14,700,494**	**370,055,848**
2022 *(restated)*					
Insurance contract liabilities as at 1 January	57,864,526	7,261,982	146,088,042	4,460,033	215,674,583
Insurance revenue	(365,249,830)	-	-	-	(365,249,830)
Insurance service expenses	66,592,040	4,230,762	360,322,865	10,658,972	441,804,639
Incurred claims and other expenses	-	-	374,543,098	18,948,273	393,491,371
Amortisation of insurance acquisition cash flows	66,592,040	-	-	-	66,592,040
Losses on onerous contracts and reversals	-	4,230,762	-	-	4,230,762
Changes to liabilities for incurred claims	-	-	(14,220,233)	(8,289,301)	(22,509,534)
Insurance service result	(298,657,790)	4,230,762	360,322,865	10,658,972	76,554,809
Insurance finance income	-	-	(5,077,971)	-	(5,077,971)
Total changes in the statement of comprehensive	(298,657,790)	4,230,762	355,244,894	10,658,972	71,476,838
Cash flows					
Premiums received	354,561,984	-	-	-	354,561,984
Claims and other expenses paid	-	-	(245,729,436)	-	(245,729,436)
Insurance acquisition cash flows	(69,936,315)	-	-	-	(69,936,315)
Total cash flows	284,625,669	-	(245,729,436)	-	38,896,233
Net insurance contract liabilities as at 31 December	43,832,405	11,492,744	255,603,500	15,119,005	326,047,654

6 Insurance and reinsurance contracts (continued)

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

Contracts not measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		
2023	Excluding loss component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	Total Unaudited AED
Insurance contract liabilities as at 1 January	3,279,178	754	9,734,406	-	13,014,338
Insurance revenue	(11,163,480)	-	-	-	(11,163,480)
Insurance service expenses	3,912,889	(485)	847,889	-	4,760,293
Incurred claims and other expenses	-	-	1,418,257	-	1,418,257
Amortisation of insurance acquisition cash flows	3,912,889	-	-	-	3,912,889
Losses on onerous contracts and reversals	-	(485)	-	-	(485)
Changes to liabilities for incurred claims	-		(570,368)	-	(570,368)
Insurance service result	(7,250,591)	(485)	847,889	-	(6,403,187)
Insurance finance expenses	176,532	9	139,173	-	315,714
Total changes in the statement of comprehensive	(7,074,059)	(476)	987,062	-	(6,087,473)
Cash flows					-
Premiums received	10,855,418	-	-	-	10,855,418
Claims and other expenses paid	-	-	(715,088)	-	(715,088)
Insurance acquisition cash flows	(872,478)	-	-	-	(872,478)
Total cash flows	9,982,940	-	(715,088)	-	9,267,852
Net insurance contract liabilities as at 31 March	6,188,059	278	10,006,380	-	16,194,717
2022 *(restated)*					
Insurance contract liabilities as at 1 January	3,434,744	-	8,708,358	-	12,143,102
Insurance revenue	(36,941,017)	-	-	-	(36,941,017)
Insurance service expenses	9,973,673	764	5,110,097	-	15,084,534
Incurred claims and other expenses	-	-	6,739,720	-	6,739,720
Amortisation of insurance acquisition cash flows	9,973,673	-	-	-	9,973,673
Losses on onerous contracts and reversals	-	764	-	-	764
Changes to liabilities for incurred claims	-	-	(1,629,623)	-	(1,629,623)
Insurance service result	(26,967,344)	764	5,110,097	-	(21,856,483)
Insurance finance expenses	321,817	(10)	(212,755)	-	109,052
Total changes in the statement of comprehensive	(26,645,527)	754	4,897,342	-	(21,747,431)
Cash flows					
Premiums received	31,403,983	-	-	-	31,403,983
Claims and other expenses paid	-	-	(3,871,294)	-	(3,871,294)
Insurance acquisition cash flows	(4,914,022)	-	-	-	(4,914,022)
Total cash flows	26,489,961	-	(3,871,294)	-	22,618,667
Net insurance contract liabilities as at 31 December	3,279,178	754	9,734,406	-	13,014,338

6 Insurance and reinsurance contracts (continued)

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

Analysis by measurement component – Contracts not measured under the PAA

2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective transition approach	CSM: Other contracts	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED	AED
Insurance contract liabilities as at 1 January	2,662,217	1,135,719	9,216,402	-	13,014,338
Changes that relate to current services	-	-	-	-	-
CSM recognised for services provided	-	-	(5,584,026)	-	(5,584,026)
Change in risk adjustment for non-financial risk for risk expired	-	(124,173)	-	-	(124,173)
Experience adjustments	(223,304)	98,693	-	-	(124,611)
Changes that relate to future services	-	-	-	-	-
Contracts initially recognised in the year	(4,574,587)	74,150	4,500,437	-	-
Changes in estimates that adjust the CSM	(1,347,291)	29,931	1,317,360	-	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(9)	-	-	-	(9)
Changes that relate to past services	-	-	-	-	-
Adjustments to liabilities for incurred claims	(455,180)	(115,188)	-	-	(570,368)
Insurance service result	(6,600,371)	(36,587)	233,771	-	(6,403,187)
Net finance expenses from insurance contracts	204,561	-	111,153	-	315,714
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(6,395,810)	(36,587)	344,924	-	(6,087,473)
Cash flows					-
Premiums received	10,855,418	-	-	-	10,855,418
Claims and other directly attributable expenses paid	(715,088)	-	-	-	(715,088)
Insurance acquisition cash flows paid	(872,478)	-	-	-	(872,478)
Total cash flows	9,267,852	-	-	-	9,267,852
Insurance contract liabilities as at 31 March	5,534,259	1,099,132	9,561,326	-	16,194,717

6 Insurance and reinsurance contracts (continued)

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

Analysis by measurement component – Contracts not measured under the PAA (continued)

2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective transition approach	CSM: Other contracts	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED	AED
Insurance contract liabilities as at 1 January	4,422,912	757,493	6,962,697	-	12,143,102
Changes that relate to current services	-	-	-	-	-
CSM recognised for services provided	-	-	(20,774,102)	-	(20,774,102)
Change in risk adjustment for non-financial risk for risk expired	-	(392,874)	-	-	(392,874)
Experience adjustments	530,451	406,581	-	-	937,032
Changes that relate to future services	-	-	-	-	-
Contracts initially recognised in the year	(21,764,537)	387,065	21,377,471	-	(1)
Changes in estimates that adjust the CSM	(1,415,723)	72,291	1,343,432	-	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	3,105	(21)	-	-	3,084
Changes that relate to past services	-	-	-	-	-
Adjustments to liabilities for incurred claims	(1,534,806)	-94,816	-	-	(1,629,622)
Insurance service result	(24,181,510)	378,226	1,946,801	-	(21,856,483)
Net finance expenses from insurance contracts	(197,852)	-	306,904	-	109,052
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(24,379,362)	378,226	2,253,705	-	(21,747,431)
Cash flows					
Premiums received	31,403,983	-	-	-	31,403,983
Claims and other directly attributable expenses paid	(3,871,294)	-	-	-	(3,871,294)
Insurance acquisition cash flows paid	(4,914,022)	-	-	-	(4,914,022)
Total cash flows	22,618,667	-	-	-	22,618,667
Insurance contract liabilities as at 31 December	2,662,217	1,135,719	9,216,402	-	13,014,338

6 Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA

2023	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	Total Unaudited AED
Reinsurance contract assets as at 1 January	(22,086,992)	-	154,182,761	9,139,194	141,234,963
Reinsurance contract liabilities as at 1 January	(8,600,444)	-	1,032,584	67,254	(7,500,606)
Net reinsurance contract (liabilities)/assets	(30,687,436)	-	155,215,345	9,206,448	133,734,357
An allocation of reinsurance premiums	(62,073,545)	-	-	-	(62,073,545)
Amounts recoverable from reinsurers for incurred claims	-	-	69,780,826	833,225	70,614,051
Amounts recoverable for incurred claims and other expenses	-	-	58,304,679	2,880,864	61,185,543
Loss-recovery on onerous underlying contracts and adjustments	-	-	4,647,477	-	4,647,477
Changes to amounts recoverable for incurred claims	-	-	6,828,670	(2,047,639)	4,781,031
Net income or expense from reinsurance contracts	(62,073,545)	-	69,780,826	833,225	8,540,506
Reinsurance finance income	-	-	2,363,155	-	2,363,155
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(62,073,545)	-	72,143,981	833,225	10,903,661
Cash flows					
Premiums paid	62,654,815	-	-	-	62,654,815
Amounts received	-	-	(46,111,501)	-	(46,111,501)
Total cash flows	62,654,815	-	(46,111,501)	-	16,543,314
Net reinsurance contract assets/(liabilities) as at 31 March					
Reinsurance contract assets as at 31 March	(20,430,148)	-	179,412,550	9,992,393	168,974,795
Reinsurance contract liabilities as at 31 March	(9,676,018)	-	1,835,275	47,280	(7,793,463)
Net reinsurance contract assets/(liabilities) as at 31 March	(30,106,166)	-	181,247,825	10,039,673	161,181,332

6 Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

2022	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows Unaudited AED	Risk adjustment Unaudited AED	Total Unaudited AED
Reinsurance contract assets as at 1 January	9,717,002	-	35,117,669	1,785,103	46,619,774
Reinsurance contract liabilities as at 1 January	(33,975,417)	-	19,410,043	593,208	(13,972,166)
Net reinsurance contract (liabilities)/assets	(24,258,415)	-	54,527,712	2,378,311	32,647,608
An allocation of reinsurance premiums	(182,601,937)	-	-	-	(182,601,937)
Amounts recoverable from reinsurers for incurred claims	-	-	227,038,096	6,828,137	233,866,233
Amounts recoverable for incurred claims and other expenses	-	-	228,669,055	12,096,845	240,765,900
Loss-recovery on onerous underlying contracts and adjustments	-	-	2,290,675	-	2,290,675
Changes to amounts recoverable for incurred claims	-	-	(3,921,634)	(5,268,708)	(9,190,342)
Net income or expense from reinsurance contracts held	(182,601,937)	-	227,038,096	6,828,137	51,264,296
Reinsurance finance income	-	-	(3,499,776)	-	(3,499,776)
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(182,601,937)	-	223,538,320	6,828,137	47,764,520
Cash flows					
Premiums paid	176,172,911	-	-	-	176,172,911
Amounts received	-	-	(122,850,682)	-	(122,850,682)
Total cash flows	176,172,911	-	(122,850,682)	-	53,322,229
Net reinsurance contract assets/(liabilities) as at 31 December					
Reinsurance contract assets as at 31 December	(22,086,992)	-	154,182,761	9,139,194	141,234,963
Reinsurance contract liabilities as at 31 December	(8,600,444)	-	1,032,584	67,254	(7,500,606)
Net reinsurance contract assets/(liabilities) as at 31 December	(30,687,436)	-	155,215,345	9,206,448	133,734,357

6 Insurance and reinsurance contracts (continued)

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

Analysis by measurement component – Contracts not measured under the PAA

2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective transition approach	CSM: Other contracts	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	AED	AED	AED	AED	AED
Reinsurance contract assets as at 1 January	(1,373,387)	1,109,332	8,217,053	-	7,952,998
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract (liabilities)/assets	(1,373,387)	1,109,332	8,217,053	-	7,952,998
Changes that relate to current services					
CSM recognised for services provided	-	-	(3,912,062)	-	(3,912,062)
Change in risk adjustment for non-financial risk for risk expired	-	(240,362)	-	-	(240,362)
Experience adjustments	(147,802)	640,817	-	-	493,015
Changes that relate to future services					
Contracts initially recognised in the year	(2,089,961)	32,080	2,057,881	-	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	-	-
Changes in estimates that adjust the CSM	(2,058,132)	188,560	1,869,572	-	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	(100)	-	(100)
Changes that relate to past services					
Adjustments to assets for incurred claims	(449,438)	(671,795)	-	-	(1,121,233)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Net expenses from reinsurance contracts	(4,745,333)	(50,700)	15,291	-	(4,780,742)
Net finance income from reinsurance contracts	(295,021)	-	67,996	-	(227,025)
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(5,040,354)	(50,700)	83,287		(5,007,767)
Cash flows					
Premiums paid to reinsurer net of commission	6,010,424	-	-	-	6,010,424
Claims and other directly attributable expenses paid	-	-	-	-	-
Directly attributable expenses paid					
Recoveries from reinsurance	(180,060)	-	-	-	(180,060)
Total cash flows	5,830,364	-	-	-	5,830,364
Reinsurance contract assets as at 31 March	(583,377)	1,058,632	8,300,340	-	8,775,595
Reinsurance contract liabilities as at 31 March	-	-	-	-	-
Net reinsurance contract (liabilities)/assets as at 31 March	(583,377)	1,058,632	8,300,340	-	8,775,595

6 Insurance and reinsurance contracts (continued)

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

Analysis by measurement component – Contracts not measured under the PAA (continued)

2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under modified retrospective transition approach	CSM: Other contracts	Total
	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Reinsurance contract assets as at 1 January	(386,447)	413,491	6,840,758	-	6,867,802
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net reinsurance contract (liabilities)/assets	(386,447)	413,491	6,840,758	-	6,867,802
Changes that relate to current services					
CSM recognised for services provided	-	-	(16,864,518)	-	(16,864,518)
Change in risk adjustment for non-financial risk for risk expired		(180,214)	-	-	(180,214)
Experience adjustments	(438,411)	202,847	-	-	(235,564)
Changes that relate to future services			-	-	-
Contracts initially recognised in the year	(17,128,112)	200,242	16,927,869	-	(1)
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	(1,498,686)	450,863	1,047,823	-	-
Changes in estimates that adjust the CSM	-	-	-	-	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	-	-	-
Changes that relate to past services	-	-	-	-	-
Adjustments to assets for incurred claims	(427,092)	22,103			(404,989)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Net expenses from reinsurance contracts	(19,492,301)	695,841	1,111,174	-	(17,685,286)
Net finance income from reinsurance contracts	(1,791,383)		265,121	-	(1,526,262)
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(21,283,684)	695,841	1,376,295	-	(19,211,548)
Cash flows	-	-	-	-	-
Premiums paid to reinsurer net of commission	20,549,427	-	-	-	20,549,427
Directly attributable expenses paid	(252,683)	-		-	(252,683)
Recoveries from reinsurance	-	-	-	-	-
Total cash flows	20,296,744	-	-	-	20,296,744
Reinsurance contract assets as at 31 December	-	-	-	-	-
Reinsurance contract liabilities as at 31 December	(1,373,387)	1,109,332	8,217,053	-	7,952,998
Net reinsurance contract (liabilities)/assets as at 31 December	(1,373,387)	1,109,332	8,217,053	-	7,952,998

6 Insurance and reinsurance contracts (continued)

Expected recognition of the contractual service margin - An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table (number of years until expected to be recognised)

	1 year AED	2 year AED	3 year AED	4 year AED	5 year AED	>6 year AED	Total AED
31 March 2023							
Total CSM for insurance contracts issued	(9,215,322)	(294,837)	(51,167)	-	-	-	**(9,561,326)**
Total CSM for reinsurance contracts held	7,988,397	263,230	48,713	-	-	-	**8,300,340**
31 December 2022 *(restated)*							
Total CSM for insurance contracts issued	(8,960,350)	(229,572)	(26,480)	-	-	-	**(9,216,402)**
Total CSM for reinsurance contracts held	8,034,864	164,309	17,880	-	-	-	**8,217,053**

Reconciliation of the measurement components of insurance and reinsurance contract balances measured under both PAA and Non-PAA as at:

31 March 2023	**PAA AED**	**Non-PAA AED**	**Total AED**
Insurance contract assets	**517,288**	-	**517,288**
Insurance contract liabilities	**(370,573,136)**	**(16,194,717)**	**(386,767,853)**
Reinsurance contract assets	**168,974,795**	**8,775,595**	**177,750,390**
Reinsurance contract liabilities	**(7,793,463)**	-	**(7,793,463)**
	(208,874,516)	**(7,419,122)**	**(216,293,638)**

31 December 2022 *(restated)*	PAA AED	Non-PAA AED	Total AED
Insurance contract assets	78,986	-	78,986
Insurance contract liabilities	(326,126,640)	(13,014,338)	(339,140,978)
Reinsurance contract assets	141,234,963	7,952,998	149,187,961
Reinsurance contract liabilities	(7,500,606)	-	(7,500,606)
	(192,313,297)	(5,061,340)	(197,374,637)

7 Statutory deposits

As at 31 March 2023, deposit of AED 10,000,000 (31 December 2022: AED 10,000,000) has been placed with one of the Company's bank, in accordance with Article 42 of UAE Federal Law No. 6 of 2007, as amended. This deposit has been pledged to the bank as security against a guarantee issued by the bank in favor of the Central Bank of the United Arab Emirates ("CBUAE") for the same amount. This deposit cannot be withdrawn without prior approval of the Central Bank of the United Arab Emirates and bears an interest rate of 4.23% per annum (2022: 4.23% per annum).

8 Cash and cash equivalents

	(Unaudited) 31 March 2023 AED	(Audited) 31 December 2022 AED
Bank balances and cash with local banks in UAE	**53,711,493**	58,736,058
Less: Bank deposits with maturity over 3 months	**(13,000,000)**	(23,000,000)
	40,711,493	35,736,058

9 Share capital

	(Unaudited) 31 March 2023 AED	(Audited) 31 December 2022 AED
Issued and fully paid:		
160,000,000 ordinary shares of AED 1 each	**160,000,000**	160,000,000

10 Statutory reserve

In accordance with the UAE Federal Decree Law No. 32 of 2021, the Company has established a statutory reserve by appropriation of 10% of the Company's net profit for each year which will be increased until the reserve equals 50% of the share capital. This reserve is not available for distribution, except as stipulated by the Law. No allocation to the statutory reserve has been made for the three-period ended 31 March 2023, as this will be affected at the year-end based on the Company's results for the year ending 31 December 2023.

11 Basic and diluted (loss)/ earnings per share

	(Unaudited) 31 March 2023 AED	Restated (Audited) 31 March 2022 AED
(Loss)/profit for the period	**(5,991,421)**	3,150,519
Weighted average number of shares	**160,000,000**	123,076,923
(Loss)/ earnings per share	**(0.037)**	0.026

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

12 Insurance revenue

For the three-months period ended 31 March 2023	PAA Unaudited AED	GMM Unaudited AED	Total Unaudited AED
CSM recognised for services provided	-	5,584,026	5,584,026
Change in risk adjustment for non-financial risk for risk expired	-	124,146	124,146
Expected incurred claims and other insurance service expenses	-	1,542,419	1,542,419
Recovery of insurance acquisition cash flows	-	3,912,889	3,912,889
		11,163,480	11,163,480
Contracts measured under the PAA	115,970,787	-	115,970,787
Total Insurance Revenue	115,970,787	11,163,480	127,134,267

For the three-month period ended 31 March 2022 (Restated)	PAA Unaudited AED	GMM Unaudited AED	Total Unaudited AED
CSM recognised for services provided	-	3,831,526	3,831,526
Change in risk adjustment for non-financial risk for risk expired	-	81,030	81,030
Expected incurred claims and other insurance service expenses	-	1,439,168	1,439,168
Recovery of insurance acquisition cash flows	-	1,701,729	1,701,729
		7,053,453	7,053,453
Contracts measured under the PAA	86,387,403	-	86,387,403
Total Insurance Revenue	86,387,403	7,053,453	93,440,856

13 Insurance service expense

For the three-months period ended 31 March 2023	PAA Unaudited AED	GMM Unaudited AED	Total Unaudited AED
Incurred claims and other expenses	94,546,251	1,418,257	95,964,508
Amortisation of insurance acquisition cash flows	22,207,804	3,912,889	26,120,693
Losses on onerous contracts and reversals of those losses	10,554,723	(485)	10,554,238
Changes to liabilities for incurred claims	1,984,877	(570,368)	1,414,509
Acquisition cash flows recognised when incurred	8,456,361	-	8,456,361
Insurance Service Expense	137,750,016	4,760,293	142,510,309

13 Insurance service expense (continued)

For the three-months period ended 31 March 2022 (Restated)	PAA Unaudited AED	GMM Unaudited AED	Total Unaudited AED
Incurred claims and other expenses	63,105,053	1,096,776	64,201,829
Amortisation of insurance acquisition cash flows	17,417,249	93,110	17,510,359
Losses on onerous contracts and reversals of those losses	7,059,970	-	7,059,970
Changes to liabilities for incurred claims	(5,126,447)	(706,465)	(5,832,912)
Acquisition cash flows recognised when incurred	(250,620)	1,701,729	1,451,109
Insurance Service Expense	82,205,205	2,185,150	84,390,355

14 Total investment income and net insurance financial result

	Unaudited 31 March 2023 AED	Restated Audited 31 March 2022 AED
Rental income from investment properties	674,161	483,999
Investment property expenses	(213,168)	(153,803)
Income from investment property - net	460,993	330,196
Interest on fixed deposits	352,156	122,341
Gain on disposal of investments at FVTOCI	-	5,902,382
Gain on disposal of investments at FVTPL	415,351	74,144
Dividend income - investments at FVTOCI	4,168,723	3,952,198
Dividend income - investments at FVTPL	842,531	445,501
Interest income from bonds	721,660	86,944
Other investment expenses	(32,006)	(68,655)
Gain/(loss) in fair value of investments FVTPL	618,132	(3,228,511)
Net Investment Income	**7,547,540**	**7,616,540**

Insurance and reinsurance finance income and expense

	(Unaudited) 31 March 2023 AED	Restated (Unaudited) 31 March 2022 AED
Finance (expenses) / income from insurance contracts issued	**(3,883,807)**	1,346,276
Finance income /(expenses) from reinsurance contracts held	**2,136,131**	(1,197,664)
Net insurance finance (expenses) / income	**(1,747,676)**	148,612

15 Related party transactions

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

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

	(Unaudited) 31 March 2023 AED	Restated (Audited) 31 December 2022 AED
Affiliates of major shareholders:		
Due from policyholders	**12,083,430**	1,843,291
Outstanding claims	**1,201,604**	380,304

Transactions

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

	(Unaudited) 31 March 2023 AED	Restated (Audited) 31 March 2022 AED
Affiliates of major shareholders:		
Premiums	**13,089,163**	6,399,010
Claims paid	**(2,505,484)**	(1,994,878)
Compensation of key management personnel is as follows:		
Employee benefits	**1,091,932**	1,127,613

16 Segment information

For management purposes, the Company is organized into three business segments commercial, consumer and Employee Benefits(Medical and Group Life). The general insurance segment comprises motor, marine, fire, engineering, medical, and general accident. The life assurance segment includes only long-term life and group life. These segments are the basis on which the Company reports its primary segment information. Segment-wise information is disclosed below:

	For the three-months period ended 31 March 2023 (Unaudited)			
	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance revenue	40,007,914	22,890,270	64,236,083	127,134,267
Insurance service expenses	(31,433,504)	(31,408,066)	(79,668,739)	(142,510,309)
Insurance service result before reinsurance contracts held	8,574,410	(8,517,796)	(15,432,656)	(15,376,042)
Amounts recoverable from reinsurance	19,460,083	2,854,400	48,481,533	70,796,016
Allocation of reinsurance premiums	(22,449,014)	(4,400,608)	(40,186,631)	(67,036,253)
Net expenses from reinsurance contracts held	(2,988,931)	(1,546,208)	8,294,902	3,759,763
Insurance Service Result	5,585,479	(10,064,004)	(7,137,754)	(11,616,279)

16 Segment information (continued)

	For the three-months period ended 31 March 2022 (Unaudited)			
	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance revenue	26,302,060	28,318,693	38,820,103	93,440,856
Insurance service expenses	(12,366,878)	(34,423,139)	(37,600,338)	(84,390,355)
Insurance service result before reinsurance contracts held	13,935,182	(6,104,446)	1,219,765	9,050,501
Amounts recoverable from reinsurance	5,465,010	2,581,225	21,985,796	30,032,031
Allocation of reinsurance premiums	(16,783,051)	(2,743,196)	(23,967,779)	(43,494,026)
Net expenses from reinsurance contracts held	(11,318,041)	(161,971)	(1,981,983)	(13,461,995)
Insurance Service Result	2,617,141	(6,266,417)	(762,218)	(4,411,494)

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

	As at 31 March 2023 (Unaudited)			
	Commercial AED	**Consumer AED**	**Employee benefits AED**	**Total AED**
Insurance contract assets	**-**	**-**	**517,288**	**517,288**
Insurance contract liabilities	**(174,405,807)**	**(121,631,384)**	**(90,730,662)**	**(386,767,853)**
Reinsurance contract assets	**118,792,827**	**25,166,277**	**33,791,286**	**177,750,390**
Reinsurance contract liabilities	**(1,076,559)**	**-**	**(6,716,904)**	**(7,793,463)**

	As at 31 December 2022 (Unaudited)			
	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance contract assets	-	-	78,986	78,986
Insurance contract liabilities	(157,912,774)	(102,503,334)	(78,724,870)	(339,140,978)
Reinsurance contract assets	119,882,915	20,742,417	8,562,629	149,187,961
Reinsurance contract liabilities	(1,413,208)	-	(6,087,398)	(7,500,606)

17 Contingent liabilities

	(Unaudited) 31 March 2023 AED	(Audited) 31 December 2022 AED
Letters of guarantee	12,388,305	12,461,014

The Company in common with the significant majority of insures, is subject to litigation in normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

18 Financial instruments

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

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	31 March 2023 (unaudited) AED	31 December 2022 (Unaudited) AED		
Available for Sale				
Quoted equity securities – FVTOCI	119,606,545	122,132,728	Level 1	Quoted bid prices in an active market.
Investments at FVTPL				
Quoted Investments	10,439,794	10,340,349	Level 1	Quoted bid prices in an active market
Unquoted Investments	109,025,976	92,955,643	Level 3	Net assets valuation method

19 Capital risk management

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

	(Unaudited) 31 March 2023 AED	(Unaudited) 31 December 2022 AED
Minimum Capital Requirement (MCR)	**100,000,000**	100,000,000
Solvency Capital Requirement (SCR)	**106,289,966**	98,605,962
Minimum Guarantee Fund (MGF)	**46,326,291**	45,614,516
Basic Own Funds	**81,070,506**	87,895,558
MCR Solvency Margin - Minimum Capital Requirement Surplus/ (deficit)	**(18,929,494)**	(12,104,442)
MCR Solvency Margin - Solvency Capital Requirement (Surplus)/ (deficit)	**(25,219,460)**	(10,710,404)
MGF Solvency Margin – Minimum Guarantee Fund (Surplus)/ (deficit)	**34,744,215**	42,281,042

20 Subsequent events

There have been no other events subsequent to the condensed interim statement of financial position date that would significantly affect the amounts reported in the condensed interim financial information as at and for the three months period ended 31 March 2023.

21 Approval of the condensed interim financial information

The condensed interim financial information was approved by the Board of Directors and authorised for issue on 15 May 2023.