DUBAI NATIONAL INSURANCE & REINSURANCE (P.S.C.)
DUBAI - UNITED ARAB EMIRATES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

Dubai National Insurance & Reinsurance (P.S.C.)
Financial Statements

Table of contents

Directors' Report

I am pleased to welcome you, on behalf of the Board of Directors, to this General Assembly of Dubai National Insurance & Reinsurance PSC (DNIR), and to present its twenty eighth annual report and accounts for the financial year 2019.

Change is the catalyst that propels growth and development within an industry. Over the past year, regulatory changes have continued to influence positively on the Insurance sector. These include but not limited to the introduction of new regulations affecting how insurance coverage disputes will be resolved, the risk of fines and penalties, increased focus on Anti money laundering requirements, adoption of information security framework as mandated by NESA, forward looking approach to implementation of IFRS 17 standards etc.

The overall outlook of the UAE Insurance Industry continues to remain positive with the expected implementation of mandatory health insurance across all the emirates and large scale infrastructure development for events like EXPO 2020. The industry is also moving towards digitalization that will provide to its customer's various innovative insurance products at competitive prices and best services.

Against the backdrop of intense competition in the market, DNIR has consistently demonstrated the ability to grow its top line without compromising underwriting profitability due to stringent underwriting guidelines and prudent underwriting approach. DNIR's Balance Sheet strength is reinforced by risk-adjusted capitalization at the strongest level, as measured by A.M. Best's Capital Adequacy Ratio (BCAR), benefitting from prudent reserving and excellent level of liquidity.

DNIR remains true to its fundamental business philosophy of producing underwriting profit and investment income resulting in consistent net earnings that increases shareholder value. In order to achieve this, the company's strategy is concentrated on selective management of a diversified portfolio of business; identification and development of opportunities to grow its business; maintenance of the management, organizational and governance structure which is appropriate for and supports the growing business needs.

I am delighted to report that DNIR has delivered yet another solid financial performance in the year 2019. Despite a very competitive marketplace that leads to a constant downward pressure on premium rates, DNIR continued to grow year on year by 8.5% in Gross Written Premiums and by 10.3% in Net Profit.

The Board takes this opportunity to thank our valued customers and the shareholders for entrusting their confidence in the company; and the management and employees for their hard work and dedication towards the consistent growth of the company.

KHALAF AHMAD AL HABTOOR
Chairman of the Board of Directors

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Independent Auditor's Report

To the Shareholders of Dubai National Insurance & Reinsurance (P.S.C.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dubai National Insurance & Reinsurance (P.S.C.) (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
1) Valuation of insurance contract liabilities	
As disclosed in note 11 to these financial statements, the Company's insurance contract liabilities amounted to AED 341.957 million as at December 31, 2019. Valuation of these liabilities involves significant judgement and requires number of assumptions to be made that have high estimation uncertainty.	Evaluating and testing of key controls around the claims handling and case reserve setting processes of the Company. Examining evidence of the operation of controls over the valuation of individual reserve for outstanding claims, Compared on a sample basis the outstanding claims reserves with the subsequent payments, if settled or subsequent reserve amounts, if unsettled,

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Independent Auditor's Report (continued)

To the Shareholders of Dubai National Insurance & Reinsurance (P.S.C) (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
1) Valuation of insurance contract liabilities (continued)	
This is particularly the case for those liabilities that are recognised in respect of claims that have occurred but have not yet been reported ("IBNR") to the Company. IBNR is calculated by an independent qualified actuary for the Company. Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of these liabilities and a corresponding effect on profit or loss. The key assumptions that drive the reserve calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, the discount rates for longer tail classes of business. The valuation of these liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating insurance liabilities, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of these liabilities may arise.	Assessing the experience and competence of the Company's actuary and degree of challenge applied through the reserving process, Checking sample of reserves for outstanding claims through comparing the estimated amount of the reserves for outstanding claims to appropriate documentation, such as reports from loss adjusters, and Assessing the Company's disclosure in relation to these liabilities including claims development table is appropriate.

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Independent Auditor's Report (continued)

To the Shareholders of Dubai National Insurance & Reinsurance (P.S.C) (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters
2) Valuation of unquoted investments	
As disclosed in note 7 to these financial statements, the Company's financial investments include unquoted equity investments amounting to AED 66.883 million as at December 31, 2019. The determination of the fair value of unquoted equity investments involves significant judgments which include valuation techniques used and available sources of observable data. The valuation for majority of the Company's unquoted investments were carried out by third party valuers ("valuers"). In determining the fair values, the valuers consider future cash flows, discounted at appropriate discount rates, latest dividends, market values of similar assets / companies, latest available financial statements, etc. We consider the valuation of unquoted investments a key audit matter, given the significant assumptions and judgments involved.	Evaluated the competence, objectivity and independence of the management appointed valuer, Evaluated the completeness of the source data used in the calculation of fair value, Engaged our internal expert to evaluate the methodologies and appropriateness of the assumptions used by the valuer, and Checked the appropriateness of the disclosures made in relation to valuation on unquoted investments in these financial statements.

Based on the work performed, we considered the assumptions used by management and related disclosures in the financial statements to be appropriate.

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Independent Auditor's Report (continued)

To the Shareholders of Dubai National Insurance & Reinsurance (P.S.C.) (continued)

Report on the Audit of the Financial Statements (continued)

Other Matter

The financial statements of the Company for the year ended 31 December, 2018 which are shown as comparatives, were audited by other auditor who expressed an unmodified opinion on those statements on 13 February, 2019.

Other Information

Management is responsible for the other information. The other information comprises the information included in the *Directors' Report*, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) and Federal Law No.6 of 2007 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Independent Auditor's Report(continued)

To the Shareholders of Dubai National Insurance & Reinsurance (P.S.C.) (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Independent Auditor's Report (continued)

To the Shareholders of Dubai National Insurance & Reinsurance (P.S.C.) (continued)

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organization of the Insurance Operations and UAE Federal Law No. (2) of 2015 (as amended), we report that:

i) We have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organization of the Insurance Operations and UAE Federal Law No. (2) of 2015 (as amended);

iii) The Company has maintained proper books of account;

iv) The financial information included in the Directors' Report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;

v) Note 7 to the financial statements discloses purchase of shares by the Company during the year ended 31 December 2019;

vi) Note 10 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and

vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organization of the Insurance Operations and UAE Federal Law No.(2) of 2015 (as amended) or of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2019.

Dr. Khalid Maniar
Founder & Managing Partner
Crowe Mak
Registration Number 24
Dubai, U.A.E.
06 February 2020

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Statement of financial position
As at 31 December 2019

	Notes	2019	2018
ASSETS		**AED'000**	AED'000
Non-current assets			
Statutory deposits	4	**10,000**	10,000
Property and equipment	5	**564**	487
Investment property	6	**74,052**	75,899
		84,616	86,386
Current assets			
Financial assets at fair value through other comprehensive income	7	**502,600**	439,853
Insurance receivables	8	**96,988**	78,751
Other receivables	9	**29,191**	27,857
Due from related parties	10	**23,470**	17,815
Reinsurance contract assets	11	**229,804**	190,888
Cash and cash equivalents	12	**113,931**	142,544
		995,984	897,708
TOTAL ASSETS		**1,080,600**	984,094
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	**115,500**	115,500
Legal reserve	14	**57,750**	57,750
Obligatory reserve	15	**-**	28,875
General reserve	16	**180,000**	180,000
Fair value reserve on financial assets at fair value through other comprehensive income		**157,857**	95,110
Retained earnings		**58,336**	63,810
TOTAL EQUITY		**569,443**	541,045
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	17	**6,479**	5,497
Current liabilities			
Insurance contract liabilities	11	**341,957**	293,004
Insurance payables	18	**115,648**	94,151
Other payables	19	**46,130**	42,874
Due to related parties	10	**943**	7,523
		504,678	437,552
TOTAL LIABILITIES		**511,157**	443,049
TOTAL EQUITY AND LIABILITIES		**1,080,600**	984,094

These financial statements were approved by the Board of Directors on 06 February 2020 and signed on their behalf by:

Khalaf Ahmad Al Habtoor
Chairman

Mohammed Khalaf Al Habtoor
Managing Director

The notes from 1 to 34 form an integral part of these financial statements.

Statement of profit or loss
For the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Gross premiums		**381,043**	351,018
Reinsurance share of premiums		**(256,193)**	(227,705)
Net premiums		**124,850**	123,313
Net transfer to unearned premium reserve	11 (a)	**(4,615)**	(454)
Net premiums earned		**120,235**	122,859
Commission earned		**21,399**	23,189
Commission paid		**(43,948)**	(41,259)
Others		**1,997**	4,330
Gross underwriting income		**99,683**	109,119
Gross claims paid		**233,433**	189,235
Reinsurance share		**(194,575)**	(146,755)
Net claims paid		**38,858**	42,480
Provision for outstanding claims and technical provisions		**28,845**	22,443
Reinsurance share of outstanding claims and technical provisions		**(23,453)**	(9,094)
Net claims incurred		**44,250**	55,829
Net underwriting income		**55,433**	53,290
Income from investments – net	20	**26,768**	22,731
Income from investment property – net	21	**6,430**	7,431
Other income	22	**30**	10
Gross income		**88,661**	83,462
General and administrative expenses	23	**(30,576)**	(30,801)
Net profit for the year		**58,085**	52,661
		AED	AED
Earnings per share:			
Basic and diluted	24	**0.50**	0.46

The notes from 1 to 34 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 December 2019

	2019 AED'000	2018 AED'000
Net profit for the year	**58,085**	52,661
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Net unrealised profit on financial assets at fair value through other comprehensive income	**62,747**	28,828
Total comprehensive income for the year	**120,832**	81,489

The notes from 1 to 34 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2019

	Share capital AED'000	Legal reserve AED'000	Obligatory reserve AED'000	General reserve AED'000	Fair value reserve on financial assets at fair value through other comprehensive income AED'000	Retained earnings AED'000	Total equity AED'000
Balance as at 1 January 2018	115,500	57,750	28,875	180,000	66,282	51,065	499,472
Dividend	-	-	-	-	-	(34,650)	(34,650)
Directors' remuneration (note 19)	-	-	-	-	-	(5,266)	(5,266)
Transactions with owners	-	-	-	-	-	(39,916)	(39,916)
Net profit for the year	-	-	-	-	-	52,661	52,661
Net unrealised profit on financial asset at fair value through other comprehensive income	-	-	-	-	28,828	-	28,828
Total comprehensive income for the year	-	-	-	-	28,828	52,661	81,489
Balance as at 31 December 2018	**115,500**	**57,750**	**28,875**	**180,000**	**95,110**	**63,810**	**541,045**
Dividend (note 26)	-	-	-	-	-	(86,625)	(86,625)
Directors' remuneration (note 19)	-	-	-	-	-	(5,809)	(5,809)
Transferred to retained earnings	-	-	(28,875)	-	-	28,875	-
Transactions with owners	-	-	(28,875)	-	-	(63,559)	(92,434)
Net profit for the year	-	-	-	-	-	58,085	58,085
Net unrealised profit on financial asset at fair value through other comprehensive income	-	-	-	-	62,747	-	62,747
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**62,747**	**58,085**	**120,832**
Balance as at 31 December 2019	**115,500**	**57,750**	**-**	**180,000**	**157,857**	**58,336**	**569,443**

The notes from 1 to 34 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Cash flows from operating activities			
Net profit for the year		58,085	52,661
Adjustments for:			
Depreciation on property and equipment	5	350	359
Depreciation on investment property	6	1,847	1,847
Gain on disposal of property and equipment	22	(30)	-
Provision for employees' end of service benefits	17	1,197	1,176
Insurance contract provisions		48,953	30,614
Reinsurance contract assets		(38,916)	(16,811)
Income from investments – net	20	(26,768)	(22,731)
Income from investment property		(8,277)	(9,278)
Operating cash flows before changes in working capital		36,441	37,837
Changes in working capital:			
Insurance receivables		(18,237)	(20,344)
Other receivables		(1,334)	(6,568)
Insurance payables		21,497	27,631
Other payables		(2,553)	(391)
Due from/(to) related parties – net		(12,235)	(10,101)
Cash generated from operations		23,579	28,064
Employees' end of service benefits paid	17	(215)	(43)
Net cash generated from operating activities		23,364	28,021
Cash flows from investing activities			
Purchase of property and equipment	5	(429)	(207)
Purchase of financial assets at fair value through other comprehensive income	7	-	(23,472)
Proceeds from disposals of property and equipment		32	-
Income from investments – net	20	26,768	22,731
Income from investment property		8,277	9,278
Net cash generated from investing activities		34,648	8,330
Cash flows from financing activity			
Dividend paid	26	(86,625)	(34,650)
Net cash used in financing activity		(86,625)	(34,650)
Net change in cash and cash equivalents		(28,613)	1,701
Cash and cash equivalents at beginning of the year		142,544	140,843
Cash and cash equivalents at end of the year	12	113,931	142,544

The notes from 1 to 34 form an integral part of these financial statements.

1 Legal status and activities

Dubai National Insurance & Reinsurance (P.S.C.) (the "Company") is a public shareholding company incorporated in Dubai on 6 January 1992.

The Company is engaged in insurance and reinsurance of all classes of business in accordance with the provisions of the United Arab Emirates ("UAE") Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations relating to insurance companies and insurance agents.

The registered address of the Company is at Floor 7 & 9, Dubai National Insurance Building, Port Saeed, P.O Box 1806, Dubai, U.A.E.

The total number of staff employed by the Company as at 31 December 2019 was 124 (2018: 116).

2 Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of UAE Federal Law No. (2) of 2015 (as amended) relating to commercial companies, and of UAE Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations, concerning insurance companies and agents. These financial statements are prepared in UAE Dirhams ("AED"), rounded to the nearest thousand.

2.1 Standards, interpretations and amendments to existing standards

a) Standards, interpretations and amendments to existing standards that are effective in 2019

Certain standards, interpretations and amendments to existing standards, issued by the IASB, that are effective for the accounting period beginning on or after 1 January 2019 are relevant to the Company and have been applied for the first time. The adoption of the standard did not have material impact on the Company's financial statements.

Standard number	Title	Effective date
IFRS 16	Leases	1 January , 2019

2 Statement of compliance with IFRS (continued)

2.1 Standards, interpretations and amendments to existing standards (continued)

b) Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

a) IFRS 17 'Insurance Contracts' requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' as of 1 January 2022.
b) IFRS 10 and IAS 28 (amendments) as of 1 January, 2020.
c) Amendments to IFRS 3 as of 1 January, 2020.
d) Amendments to IAS 1 and IAS 8 as of 1 January, 2020.
e) Conceptual framework as of 1 January, 2020.

Except for IFRS 17, there are no other standards and interpretations issued but not yet adopted that the directors anticipate to have a material effect on the reported income or net assets of the Company.

The Company has yet to assess the impact of these standards on the financial statements.

3 Summary of significant accounting policies

3.1 Accounting convention

These financial statements have been prepared using the measurement basis specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policies.

3.2 Property and equipment

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

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

	Years
Furniture and fixtures	4-11
Motor vehicles	3
Computer equipment	4

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

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the net carrying amount of the assets and are recognised in profit or loss within 'other income'.

3 Summary of significant accounting policies (continued)

3.3 Investment property

Investment property is initially recognised at cost and subsequently accounted for using the cost model. The cost model requires investment property to be stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful life of the investment property which has been estimated to be 40 years.

No depreciation is charged on freehold land.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.

Fair value of investment property is determined by independent surveyors only for disclosure purposes.

3.4 Revenue recognition

The Company has adopted IFRS 15 Revenue from Contracts with Customers with effect from 1 January 2018. IFRS 15 establishes a single comprehensive following five-step model for entities to use in accounting for revenue arising from contracts with customers.

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company has assessed that the impact of IFRS 15 is not material on the financial statements of the Company as at the reporting date and as at the date of the initial application, 1 January 2018, as significant portion of its revenue is in accordance with IFRS 4, Insurance Contracts.

Gross premiums

Gross premiums and policy fees are recognised as income when insurance policies are issued to the insured, consequent to the acceptance of the risk.

Commission on reinsurance

The Company initially defers commission earned, excluding profit commission and recognise it as income over the policy period. Profit commission is recognised at the time of settlement.

Interest income

Interest income is recognised on an accrual basis taking into account effective interest rates on the instrument, on a time proportionate basis when it becomes receivable.

Rental income

Rental income from investment property is recognised on a straight line basis over the term of the lease.

3 Summary of significant accounting policies (continued)

3.4 Revenue recognition (continued)

Dividend income

Dividend income is recognised when the right to receive payment is established.

3.5 Claims

Claims incurred comprise actual claims and other related costs paid and incurred in the year, and movement in outstanding claims. Claim handling costs are recognised at the time of registering the claims.

On account of uncertainties involved in non-motor claim recoveries, salvage and subrogation rights are recognised only at the time of actual recovery. For motor claim recoveries, salvage is accounted for at the time of registering the claims.

Provision for outstanding claims represents the estimated settlement values of all claims notified, but not settled at the statement of financial position date on the basis of individual case estimates.

The reinsurers' portion towards the above outstanding claims is classified as reinsurance contract assets and shown as current assets in the statement of financial position.

3.6 Provision for IBNR

Provision for Incurred But Not Reported ("IBNR") claims is made at the statement of financial position date based on an actuarial estimate obtained from an independent actuary in accordance with the financial regulations for insurance companies issued by the Insurance Authority UAE.

3.7 Provision for ULAE

Provision for Unallocated Loss Adjustment Expenses (ULAE) which cannot be allocated to specific claims, is made at the statement of financial position date based on actuarial estimates obtained from an independent actuary in accordance with the financial regulations for insurance companies issued by the Insurance Authority, UAE.

3.8 Liability adequacy test

All recognised insurance liabilities including provision for outstanding claims are subject to liability adequacy test at each reporting date. This involves comparison of current estimates of all contractual cash flows attached to these liabilities with their carrying amounts. Estimates of contractual cash flows include expected claim handling costs and recoveries from third parties. Any deficiency in carrying amounts is charged to the income statement by establishing a provision for losses arising from liability adequacy test.

3.9 Unearned premium reserve

Unearned Premium Reserve (UPR) represents that portion of premiums earned, gross of reinsurance, which relates to the period of insurance subsequent to the statement of financial position date and is mainly computed on linear method based on the outstanding period from the date of statement of financial position up to the date of the maturity of the policy based on actuarial estimates obtained from an independent actuary in accordance with the financial regulations for insurance companies issued by the Insurance Authority, UAE.

3 Summary of significant accounting policies (continued)

3.10 Unexpired risk reserves

Unexpired Risk Reserve (URR) represents the difference between unearned premium provision and the expected value of claims, expenses attributable to unexpired periods of policies in force at the reporting date based on actuarial estimates obtained from an independent actuary in accordance with finance regulations for the insurance companies issued by the Insurance Authority

3.11 Reinsurance premium

Ceded reinsurance premiums are accounted for in the same accounting periods in which the premiums for the related direct insurance are recorded and the unearned portion is calculated on linear basis in accordance with reinsurance arrangements in place.

3.12 Reinsurance assets

Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

3.13 Financial instruments

a) 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.

b) Classification and subsequent measurement of financial assets

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

i) 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, due from related parties and most other receivables.

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

ii) 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.

Gains or losses on subsequent measurement

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to statement of profit or loss, but is reclassified to retained earnings.

c) Classification and subsequent measurement of financial liabilities

Financial liabilities comprise amounts due to related parties and most other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

d) Impairment and uncollectability of financial assets

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

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

The Company has not recognised any impairment loss against equity instruments.

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

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

Measurement of ECL

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

3 Summary of significant accounting policies (continued)

3.13 Financial instruments (continued)

d) Impairment and uncollectability of financial assets (continued)

Measurement of ECL (continued)

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

The Company has assessed that the impact of IFRS 9 is not material on the financial statements of the Company as at the reporting date and as at the date of initial application, January 2018.

e) Offsetting financial instruments

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

3.14 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from insurance brokers, re-insurers and insurance contract holders.

If there is objective evidence that the insurance receivables are impaired, the Company reduces the carrying amount of the insurance receivables accordingly and realises the impairment loss in the statement of profit or loss.

3.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the period in which the service is rendered.

Provision for employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the UAE Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in the UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

3 Summary of significant accounting policies (continued)

3.16 Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.17 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in the statement of profit or loss. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its' carrying amount.

3.18 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease.

3.19 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

3.20 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

3 Summary of significant accounting policies (continued)

3.21 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Other details for reserves are mentioned in notes 14, 15 and 16 to the financial statements.

Retained earnings include all current and prior period retained profits or losses.

Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

3.22 Critical accounting estimates and judgements in applying accounting policies

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Outstanding claims, IBNR, ULAE, UPR and URR

The estimation of the ultimate liability (outstanding claims, IBNR and ULAE) arising from claims, UPR and URR made under insurance contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the statement of profit or loss. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

Classification of investment property and related fair value judgement

The Company makes judgement to determine whether a property qualifies as investment property and follows the guidance of IAS 40 'Investment Property' to consider whether any owner-occupied property is not significant and is classified accordingly as investment property.

Fair value of investment property is estimated by an independent professional valuer for disclosure purposes only, considering the rental yield (income approach). This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

Fair value of unquoted securities

Fair value of unquoted securities has been determined by the management based on Earnings Multiple and Net Assets Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different. Further information on using the estimates is mentioned in note 7.

Provision for doubtful debts

Management reviews the provision for doubtful debts at each reporting date by assessing the recoverability of insurance and reinsurance receivables. For non-insurance receivables the recoverability is assessed, and provisions are created in compliance with the simplified approach under the IFRS 9 methodology.

3.23 Segment reporting

Under IFRS 8 "Operating Segments", reported segments' profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

4 Statutory deposits

	2019 AED'000	2018 AED'000
Held with a local bank in Dubai, UAE	**10,000**	10,000

Statutory deposits held with a local bank in Dubai, UAE represent deposit held under a lien in favour of the Ministry of Economy and Planning in accordance with Article 42 of Federal Law No. (6) of 2007 on Establishment of the Insurance Authority and Organisation of its Operations relating to insurance companies and brokers. The deposit cannot be withdrawn without prior approval from the Ministry of Economy and Planning.

5 Property and equipment

	Furniture and fixtures AED'000	Motor vehicles AED'000	Computer equipment AED'000	Total AED'000
Cost				
At 1 January 2019	2002	375	4,126	6,503
Additions	12	375	42	429
Disposal during the year	(530)	(27)	(444)	(1,001)
At 31 December 2019	**1,484**	**723**	**3,724**	**5,931**
Accumulated depreciation				
At 1 January 2019	1,944	329	3,743	6,016
Charge for the year	37	103	210	350
Eliminated on disposal during the year	(529)	(27)	(443)	(999)
At 31 December 2019	**1,452**	**405**	**3,510**	**5,367**
Net book value				
At 31 December 2019	**32**	**318**	**214**	**564**
Cost				
At 1 January 2018	1,976	375	3,945	6,296
Additions	26	-	181	207
At 31 December 2018	2,002	375	4,126	6,503
Accumulated depreciation				
At 1 January 2018	1,897	260	3,500	5,657
Charge for the year	47	69	243	359
At 31 December 2018	1,944	329	3,743	6,016
Net book value				
At 31 December 2018	58	46	383	487

6 Investment property

	2019 AED'000	2018 AED'000
Cost		
At 1 January	**105,721**	105,721
Accumulated depreciation		
At 1 January	**29,822**	27,975
Charge for the year	**1,847**	1,847
At 31 December	**31,669**	29,822
Net book value at 31 December	**74,052**	75,899

On 31 December 2019, RealPoint Real Estate Consultancy LLC and Windmills Real Estate Valuation Services LLC, independent and experienced professional valuers estimated the fair value of investment property at AED 138.68 million and AED 139.8 million respectively (2018: Land Sterling LLC and The Technical and Loss Adjusting Services Company LLC, independent and experienced professional valuers estimated the fair value of investment property at AED 173.48 million and AED 188.02 million respectively). The valuers hold relevant professional qualifications and experience. Investment property is held for capital appreciation and rental purposes. The Company occupies an insignificant area of 9% (2018: 9%) in the investment property for use in its own business.

7 Financial assets at fair value through other comprehensive income

Financial assets measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair values of the financial assets are classified into these three levels as follows:

	Note	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2019					
Investment in quoted securities	(a)	**435,717**	-	-	**435,717**
Investment in unquoted securities*	(b)	-	-	**66,883**	**66,883**
Net fair value		**435,717**	-	**66,883**	**502,600**
31 December 2018					
Investment in quoted securities	(a)	371,453	-	-	371,453
Investment in unquoted securities*	(b)	-	-	68,400	68,400
Net fair value		371,453	-	68,400	439,853

* The title of unquoted securities is held by related parties for the beneficial interest of the Company.

7 Financial assets at fair value through other comprehensive income (continued)

(a) Fair values have been determined by reference to quoted prices at the reporting date. During the year, the Company did not purchase quoted equity securities (2018: AED 23.47 million).

(b) The Company holds investments in unquoted equity securities of three entities as at 31 December 2019 (2018: three entities). These investments have been fair valued by an independent valuer based on an Earnings Multiple and net assets valuation techniques (2018: Earnings multiples and Net asset value technique) using observable market data of comparable public entities, certain discount factors and unobservable financial data of these non-public investees. Unobservable financial data used in determining the fair values of these unquoted securities has been extracted from their latest available audited financial statements for the ended 31 December 2018 (2018: financial statements for the year ended 31 December 2017).

Fair values of these unquoted securities would have been different if the financial data of these non-public investees as at 31 December 2019 could be used based on its availability. These fair values are considered to be the best estimate given the availability of information. All the unquoted securities fall under level 3 of fair value hierarchy therefore use of estimates is significant.

Movement in financial assets grouped in level 3

The reconciliation of carrying amounts of financial instruments classified within level 3 is as follows:

	2019 AED'000	2018 AED'000
Investments in unquoted securities		
Balance as at 1 January	**68,400**	82,833
Losses recognised in other comprehensive income	**(1,517)**	(14,433)
Balance as at 31 December	**66,883**	68,400

8 Insurance receivables

	2019 AED'000	2018 AED'000
Due from policy holders	**15,560**	8,836
Due from insurance companies	**12,016**	19,252
Due from reinsurance companies	**3,186**	2,243
Due from insurance brokers	**70,505**	51,525
	101,267	81,856
Provision for bad and doubtful debts	**(4,279)**	(3,105)
	96,988	78,751

The average credit period is 90 days. Insurance receivables of AED 4.28 million (2018: AED 3.11 million), which are impaired and not recoverable, are fully provided.

9 Other receivables

	2019	2018
	AED'000	AED'000
Deferred commission cost	**21,049**	17,383
Prepayments	**2,358**	5,079
Accrued interest	**494**	527
Rent receivable	**5,791**	4,906
Other receivables	**1,705**	2,103
	31,397	29,998
Expected credit losses	**(2,206)**	(2,141)
	29,191	27,857

The Company has recognised AED 2.21 million as a provision on doubtful rent receivables (2018: AED 2.14 million).

10 Related parties

Details of related parties' balances are as follows:

Amounts due from related parties

	2019	2018
	AED'000	AED'000
Related parties due to common directorship		
Diamondlease LLC	**4,235**	3,419
Al Habtoor Theatre LLC	**7,851**	6,636
Dubai National Investment Co.	**1,854**	2,965
North Hotel LLC	**990**	1,160
Other Habtoor Group companies	**8,540**	3,635
	23,470	17,815

Amounts due to related parties

	2019	2018
	AED'000	AED'000
Related parties due to common ownership		
Al Habtoor Motors Co LLC	**-**	7,009
Other Habtoor Group companies	**943**	514
	943	7,523

10 Related parties (continued)

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as per IAS 24. These transactions are carried out at terms mutually agreed between the parties.

Details of significant transactions with related parties are shown below:

	2019 AED'000	2018 AED'000
Premiums written	**62,073**	62,213
Claims paid	**16,868**	9,371
Commission paid	**3,068**	3,537
Agency / Non-Agency repairs	**21,839**	36,771
Key management personnel remuneration		
- Short term benefits	**3,144**	2,790
- Post-employment benefits	**382**	445
	3,526	3,235

11 Insurance contract liabilities

Assumptions and sensitivities

The process used to determine assumptions for assessing claims provision is reviewed and updated to be consistent with observable market practices and other reliable information to result in most likely expected outcome.

However, considering the nature of business it cannot be predicted with certainty the likely outcome and the actual cost of the claim. But each claim is assessed on a case to case basis depending upon information available and past trends.

An analysis of sensitivity is carried out for various claims which are an indication for establishing the adequacy of the estimation process. The management believes that the liability for claims reported in the statement of financial position is adequate.

Claims development

For all classes of business underwritten by the Company the uncertainty is typically resolved generally within one year except for Motor Insurance where the uncertainty is generally resolved within three years. The following table reflects the cumulative incurred claims notified, IBNR and ULAE for each successive accident year at each statement of financial position date, together with cumulative payments to date.

11 Insurance contract liabilities (continued)

Claims development (continued)

	Accident year					
	2015 & prior AED'000	2016 AED'000	2017 AED'000	2018 AED'000	2019 AED'000	Total AED'000
Estimate of cumulative claims						
At the end of accident year	1,098,258	142,364	165,459	193,467	249,142	
One year later	1,103,572	162,864	179,257	212,859	-	
Two years later	1,101,254	159,937	180,669	-	-	
Three years later	1,084,243	155,972	-	-	-	
Four years later	1,080,007	-	-	-	-	
Estimate of cumulative claims	1,080,007	155,972	180,669	212,859	249,142	1,878,649
Cumulative payments to date	1,066,311	146,110	165,810	197,819	200,498	1,776,548
Provision for outstanding claims as on 31 December 2019	13,696	9,862	14,859	15,040	48,644	102,101
IBNR and other reserves as on 31 December 2019	-	-	127	3,640	60,101	63,868
ULAE reserves as on 31 December 2019	313	232	293	433	1,453	2,724
Gross outstanding claims and technical provisions as on 31 December 2019	14,009	10,094	15,279	19,113	110,198	168,693
Reinsurer's share of outstanding claims and technical provisions as on 31 December 2019	10,599	8,125	9,394	12,255	74,322	114,695
Net outstanding claims and technical provisions as on 31 December 2019	3,410	1,969	5,885	6,858	35,876	53,998
Provision for outstanding claims and technical provisions as on 31 December 2018	14,145	4,292	17,883	21,935	82,806	141,061
Reinsurer's share of outstanding claims and technical provisions as on 31 December 2018	10,883	2,386	12,116	14,896	50,960	91,241

Notes to the financial statements (continued)
For the year ended 31 December 2019

11 Insurance contract liabilities (continued)

		2019 Gross insurance contract liabilities AED'000	2019 Reinsurance contract assets AED'000	2019 Net insurance contract liabilities AED'000	2018 Gross insurance contract liabilities AED'000	2018 Reinsurance contract assets AED'000	2018 Net insurance contract liabilities AED'000
Unearned premium reserve	(a)	172,020	(115,109)	56,911	151,943	(99,647)	52,296
Insurance contract provisions	(b)	102,101	(75,972)	26,129	73,786	(52,134)	21,652
Provision for IBNR	(c)	63,868	(38,723)	25,145	64,655	(39,107)	25,548
Provision for ULAE	(d)	2,724	-	2,724	2,620	-	2,620
Unexpired risk reserves	(e)	1,244	-	1,244	-	-	-
		341,957	(229,804)	112,153	293,004	(190,888)	102,116

a) Unearned premium reserve

		2019 Gross AED'000	2019 Reinsurance share AED'000	2019 Net AED'000	2018 Gross AED'000	2018 Reinsurance share AED'000	2018 Net AED'000
Balance as at 1 January	(i)	151,943	(99,647)	52,296	143,772	(91,930)	51,842
Provision made during the year		171,164	(114,410)	56,754	150,517	(98,456)	52,061
Provision released during the year		(151,087)	98,948	(52,139)	(142,346)	90,739	(51,607)
Net movement during the year	(ii)	20,077	(15,462)	4,615	8,171	(7,717)	454
Balance as at 31 December	(i + ii)	172,020	(115,109)	56,911	151,943	(99,647)	52,296

11 Insurance contract liabilities (continued)

b) Insurance contract provisions

		2019 Gross AED'000	2019 Reinsurance share AED'000	2019 Net AED'000	2018 Gross AED'000	2018 Reinsurance share AED'000	2018 Net AED'000
Balance as at 1 January	(i)	**73,786**	**(52,134)**	**21,652**	73,836	(57,527)	16,309
Provision made during the year		**233,433**	**(194,575)**	**38,858**	189,185	(141,362)	47,823
Settled during the year		**(205,118)**	**170,737**	**(34,381)**	(189,235)	146,755	(42,480)
Net movement during the year	(ii)	**28,315**	**(23,838)**	**4,477**	(50)	5,393	5,343
Balance as at 31 December	(i + ii)	**102,101**	**(75,972)**	**26,129**	73,786	(52,134)	21,652

c) Provision for IBNR

		2019 Gross AED'000	2019 Reinsurance share AED'000	2019 Net AED'000	2018 Gross AED'000	2018 Reinsurance share AED'000	2018 Net AED'000
Balance as at 1 January	(i)	**64,655**	**(39,107)**	**25,548**	42,539	(24,620)	17,919
Provision made during the year		**60,101**	**(35,677)**	**24,424**	58,968	(34,328)	24,640
Provision released during the year		**(60,888)**	**36,061**	**(24,827)**	(36,852)	19,841	(17,011)
Net movement during the year	(ii)	**(787)**	**384**	**(403)**	22,116	(14,487)	7,629
Balance as at 31 December	(i + ii)	**63,868**	**(38,723)**	**25,145**	64,655	(39,107)	25,548

Notes to the financial statements (continued)
For the year ended 31 December 2019

11 Insurance contract liabilities (continued)

d) Provision for ULAE

		2019			2018		
		Gross AED'000	Reinsurance share AED'000	Net AED'000	Gross AED'000	Reinsurance share AED'000	Net AED'000
Balance as at 1 January	(i)	**2,620**	-	**2,620**	2,243	-	2,243
Provision made during the year		**1,453**	-	**1,453**	1,372	-	1,372
Provision released during the year		**(1,349)**	-	**(1,349)**	(995)	-	(995)
Net movement during the year	(ii)	**104**	-	**104**	377	-	377
Balance as at 31 December	(i + ii)	**2,724**	-	**2,724**	2,620	-	2,620

e) Unexpired Risk Reserves

	2019			2018		
	Gross AED'000	Reinsurance share AED'000	Net AED'000	Gross AED'000	Reinsurance share AED'000	Net AED'000
Provision made during the year	**1,244**	-	**1,244**	-	-	-
Net movement during the year	**1,244**	-	**1,244**	-	-	-
Balance as at 31 December	**1,244**	-	**1,244**	-	-	-

12 Cash and cash equivalents

	2019 AED'000	2018 AED'000
Cash in hand and at banks	**113,931**	142,544
	======	======

Cash and bank includes short term deposits (3-12 months) with local banks carrying interest ranging from 2.15% to 2.95% (2018: 1.95%-3.50%)per annum.

13 Share capital

The authorised and issued share capital comprises 115,500,000 fully paid-up shares of AED 1 each:

	2019 No. of shares	2019 AED'000	2018 No. of shares	2018 AED'000
Balance at 31 December	**115,500,000**	**115,500**	115,500,000	115,500
	=========	=========	=========	=========

14 Legal reserve

In accordance with the Company's Articles of Association and Article 239 of the Federal Law No. 2 of 2015, a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable legal reserve. As per the Company's Articles of Association, such transfers are required until the balance in the legal reserve equals 50% of the Company's paid-up share capital. No transfer to legal reserve has been made during the year as it has already reached 50% of the paid-up share capital (2018: Nil).

15 Obligatory reserve

In accordance with the Company's Articles of Association, at least 10% of the Company's annual net profits (before directors' fees) must be transferred to a non-distributable obligatory reserve. Such transfers are required until the balance in this reserve equals 25% of the Company's paid-up share capital, or until the transfer is suspended by resolution of the shareholders. No transfer to obligatory reserve has been made during the year as it has already reached 25% of the paid-up share capital (2018: Nil). Further, during the year, the Company transferred the obligatory reserve to retained earnings which was approved at annual general meeting held on 31 March 2019.

16 General reserve

This reserve can be utilised for any purpose proposed by the Board of Directors subject to approval by the General Assembly. During the year, there were no transfers from or to the general reserve (2018: Nil).

17 Employees' end of service benefits

	2019 AED'000	2018 AED'000
Balance at 1 January	**5,497**	4,364
Charge for the year	**1,197**	1,176
Payments during the year	**(215)**	(43)
Balance at 31 December	**6,479**	5,497

18 Insurance payables

	2019 AED'000	2018 AED'000
Trade creditors	**8,777**	12,794
Insurance companies	**15,469**	9,868
Re-insurance companies	**79,849**	54,233
Brokers payable	**5,550**	11,555
Premium reserve withheld	**6,003**	5,701
	115,648	94,151

19 Other payables

	2019 AED'000	2018 AED'000
Deferred commission income	**10,177**	10,632
Accrued expenses	**7,970**	5,949
Provision for staff benefits	**3,051**	3,089
Directors' remuneration *	**5,809**	5,266
Other payables	**19,123**	17,938
	46,130	42,874

* Directors' remuneration is an appropriation of net profit for the year in accordance with Article 169 of U.A.E Federal Law No. 2 of 2015 and also as per the Articles of Association of the Company.

20 Income from investments - net

	2019 AED'000	2018 AED'000
Dividend income on securities – net	19,916	20,443
Interest income – net	2,397	2,288
Income on sale of rights – net	4,455	-
	26,768	22,731

21 Income from investment property - net

	2019 AED'000	2018 AED'000
Gross rental income	12,799	13,659
Maintenance expenses	(4,522)	(4,381)
Depreciation (note 6)	(1,847)	(1,847)
	6,430	7,431

22 Other income

	2019 AED'000	2018 AED'000
Gain on disposal of property and equipment	30	-
Miscellaneous scrap sales	-	10
	30	10

23 General and administrative expenses

	2019 AED'000	2018 AED'000
Personnel costs	19,742	18,197
Other operational expenses	10,834	12,604
	30,576	30,801

24 Earnings per share

	2019	2018
Net profit for the year (AED'000)	58,085	52,661
Weighted average number of shares outstanding (note 13)	115,500,000	115,500,000
Earnings per share (AED) - Basic and diluted	0.50	0.46

25 Segment reporting

The Company operates two main business segments: Underwriting and Investments.

Underwriting segment is further classified into General Insurance and Life Insurance. Investments segment comprises Investment Property and Financial Assets. The life insurance provided by the Company is for a period of 12 months and does not include any investment portion.

	2019 AED'000			2018 AED'000		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	381,043	39,907	420,950	351,018	36,760	387,778
Segment result	55,433	33,198	88,631	53,290	30,162	83,452
Unallocated:						
-Other income			30			10
-Admin expenses			(30,576)			(30,801)
Net profit for the year			58,085			52,661
Segment assets	380,017	576,652	956,669	315,798	515,752	831,550
Unallocated assets			123,931			152,544
Total assets			1,080,600			984,094
Segment liabilities	505,739	5,418	511,157	437,150	5,899	443,049
Unallocated liabilities			-			-
Total liabilities			511,157			443,049

Underwriting results are further classified as follows:

	AED'000		
2019	**General business**	**Life business**	**Total**
Gross premiums written	**377,923**	**3,120**	**381,043**
Gross underwriting income	**98,870**	**813**	**99,683**
Net claims incurred	**44,282**	**(32)**	**44,250**
Net underwriting income	**54,588**	**845**	**55,433**
2018			
Gross premiums written	347,094	3,924	351,018
Gross underwriting income	107,988	1,131	109,119
Net claims incurred	55,543	286	55,829
Net underwriting income	52,445	845	53,290

26 Proposed dividends

The Board has proposed cash dividend of 35% of paid up share capital, amounting to AED 40.425 million (AED 0.35 per share) for the year ended 31 December 2019.

During the previous year, the Board proposed a cash dividend of AED 86.625 (AED 0.75 per share) representing 75% of the paid up capital as at 31 December 2018. This was approved at the Annual General Meeting held in March 2019.

27 Commitments and contingencies

	2019 AED'000	2018 AED'000
Financial guarantee	**175**	310

Guarantees of AED 0.175 million (2018: AED 0.31 million) issued by banks are secured by way of deposits held.

The Company is subject to litigation in the normal course of its business. Although the ultimate outcome of these claims cannot presently be determined, adequate provisions have been made for any liability that may result, based on management's best estimates.

28 Lease

Leases as a lessee

At the statement of financial position date, there were no major outstanding commitments under non-cancellable operating leases.

29 Capital commitments

At the statement of financial position date, the Company has commitments in software of AED 0.896 million (2018: 1.033 million).

30 Risk management objectives and policies for mitigating insurance risk

The primary insurance activity carried out by the Company assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, life, accident health, financial or other perils that may arise from an insurable event.

The Company also has exposure to market risk through its insurance and investment activities. The Company manages the risk through well laid out procedures and delegation levels for both underwriting and settlement of claims.

The Company has structured policies for acceptance and pricing risks. Experienced and qualified professionals undertake the assessment of risks and pricing, with a conservative and cautious approach. Survey, risk measurement, sensitivity analysis, reinsurance term etc., are followed meticulously before acceptance of risk. Apart from these study of portfolio, probability, market trend, past history are all considered for pricing.

30 Risk management objectives and policies for mitigating insurance risk (continued)

Underwriting strategy

This involves the Company's own risk assessment procedures and is based on a balanced portfolio. It is set out in terms of industry, type of exposures, limits for each class, and quality of risks with acceptance levels. This is percolated down to the lower levels of the underwriting sections with the authorities specified along with their limits. Risk selection is set out as per the Company's risk management policies.

Managing reinsurance risk

The Company carries reinsurance cover to minimise exposure to potential losses arising from large insurance claims and consequently in the normal course of business enters into arrangements with other parties for reinsurance purposes. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance arrangements.

This reinsurance is through proportional treaty, non-proportional treaty and facultative reinsurance contracts. The reinsurers are selected based on their standing in the market, rating, relationship experience and length of association.

Reinsurance recoverable is monitored on a regular basis and through exchange of statements which are duly reconciled.

Terms and conditions of insurance contracts

Insurance contracts are based on uncertainty. As such the terms and conditions of insurance contracts varies but are generally based on norms as applied in the Insurance Market.

Sensitivity of underwriting profits and losses

The contribution from insurance operations to the profit of the Company amounts to AED 55.433 million for the year ended 31 December 2019 (2018: AED 53.290 million)

The Company does not foresee any major impact from insurance operations on account of the following:

- The overall risk retention level of the Company in the year ended 31 December 2019 is 33% (2018: 33%). The Company has initiated series of enterprise-wide risk management measures which includes acceptance and transfer of risks. Appropriate Excess of Loss protections have been designed and placed. The insurance liabilities of the Company are being adequately covered by Treaty/Facultative arrangements with rated reinsurance companies and Excess of Loss reinsurance programs to safeguard against any major financial impact.
- The Company's commissions earned from reinsurance placements are consistent and remain a comfortable source of income.

Because of the low risk retention in all classes of business, the Company does not foresee any serious financial impact in the insurance net profits due to changes in the loss ratios.

30 Risk management objectives and policies for mitigating insurance risk (continued)

Risk based regulatory reporting

Pursuant to the requirement of financial regulations of Insurance Authority, United Arab Emirates, statements of financial position and income statements of Life Insurance (referred to as "Persons and Funds Accumulation Operations") and General Insurance (referred to as "Property and Liability Insurance") are as follows:

Statement of financial position of persons and funds accumulation operations

	2019	2018
ASSETS	**AED'000**	AED'000
Non-current assets		
Statutory deposits	**4,000**	4,000
Current assets		
Insurance receivables	**1,784**	1,927
Other receivables	**129**	144
Due from related parties	**343**	389
Reinsurance contract assets	**2,014**	3,159
Cash and cash equivalents	**1,638**	1,285
	5,908	6,904
TOTAL ASSETS	**9,908**	10,904
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	**3,924**	3,740
Net funds transferred from General Insurance	**2,186**	2,106
TOTAL EQUITY	**6,110**	5,846
LIABILITIES		
Non-current liabilities		
Employees' end of service benefits	**54**	39
Current liabilities		
Insurance contract liabilities	**2,814**	4,173
Insurance payables	**928**	838
Other payables	**1**	8
Due to related parties	**1**	-
	3,744	5,019
TOTAL LIABILITIES	**3,798**	5,058
TOTAL EQUITY AND LIABILITIES	**9,908**	10,904

30 Risk management objectives and policies for mitigating insurance risk (continued)

Risk based regulatory reporting (continued)

statement of profit or loss of persons and funds accumulation operations

	2019 AED'000	2018 AED'000
Gross premiums	3,120	3,924
Reinsurance share of premiums	(1,974)	(2,416)
Net premiums	1,146	1,508
Net transfer to unearned premium reserve	(47)	28
Net premiums earned	1,099	1,536
Commission earned	44	35
Commission paid	(330)	(548)
Others	-	108
Gross underwriting income	813	1,131
Gross claims paid	1,380	1,680
Reinsurance share	(1,131)	(1,392)
Net claims paid	249	288
Provision for outstanding claims and technical provisions	(1,420)	145
Reinsurance share of outstanding claims and technical provisions	1,139	(147)
Net claims incurred	(32)	286
Net underwriting income	845	845
Income from investments – net	-	-
Income from investment property – net	-	-
Other income	-	-
Gross income	845	845
General and administrative expenses	(661)	(676)
Net profit for the year	184	169

30 Risk management objectives and policies for mitigating insurance risk (continued)

Risk based regulatory reporting (continued)

Statement of financial position of property and liability insurance

	2019	2018
ASSETS	**AED'000**	AED'000
Non-current assets		
Statutory deposits	6,000	6,000
Property and equipment	564	487
Investment property	74,052	75,899
	80,616	82,386
Current assets		
Financial assets at fair value through other comprehensive income	502,600	439,853
Insurance receivables	95,204	76,824
Other receivables	29,062	27,713
Due from related parties	23,127	17,426
Reinsurance contract assets	227,790	187,729
Cash and cash equivalents	112,293	141,259
	990,076	890,804
TOTAL ASSETS	1,070,692	973,190
EQUITY AND LIABILITIES		
EQUITY		
Share capital	115,500	115,500
Legal reserve	57,750	57,750
Obligatory reserve	-	28,875
General reserve	180,000	180,000
Fair value reserve on financial assets at fair value through other comprehensive income	157,857	95,110
Net funds transferred to Life Insurance	(2,186)	(2,106)
Retained earnings	54,412	60,070
TOTAL EQUITY	563,333	535,199
LIABILITIES		
Non-current liabilities		
Employees' end of service benefits	6,425	5,458
Current liabilities		
Insurance contract liabilities	339,143	288,831
Insurance payables	114,720	93,313
Other payables	46,129	42,866
Due to related parties	942	7,523
	500,934	432,533
TOTAL LIABILITIES	507,359	437,991
TOTAL EQUITY AND LIABILITIES	1,070,692	973,190

30 Risk management objectives and policies for mitigating insurance risk (continued)

Risk based regulatory reporting (continued)

statement of profit or loss of property and liability insurance

	2019 AED'000	2018 AED'000
Gross premiums	377,923	347,094
Reinsurance share of premiums	(254,219)	(225,289)
Net premiums	123,704	121,805
Net transfer to unearned premium reserve	(4,568)	(482)
Net premiums earned	119,136	121,323
Commission earned	21,355	23,154
Commission paid	(43,618)	(40,711)
Others	1,997	4,222
Gross underwriting income	98,870	107,988
Gross claims paid	232,053	187,555
Reinsurance share	(193,444)	(145,363)
Net claims paid	38,609	42,192
Provision for outstanding claims and technical provisions	30,265	22,298
Reinsurance share of outstanding claims and technical provisions	(24,592)	(8,947)
Net claims incurred	44,282	55,543
Net underwriting income	54,588	52,445
Income from investments – net	26,768	22,731
Income from investment property – net	6,430	7,431
Other income	30	10
Gross income	87,816	82,617
General and administrative expenses	(29,915)	(30,125)
Net profit for the year	57,901	52,492

31 Financial risk management objectives and policies

The financial assets of the Company include statutory deposits, cash at bank and in hand, other receivables, due from related parties and investments. Financial liabilities include due to related parties and most other payables. Accounting policies for each class of financial assets and liabilities are set out in note 3.

Category-wise assets and liabilities

Year - 2019

	Financial instruments			
Assets	At amortised cost AED'000	FVTOCI AED'000	Insurance contracts AED'000	Total AED'000
Statutory deposits	10,000	-	-	10,000
Reinsurance contract assets	-	-	229,804	229,804
Cash and cash equivalents	113,931	-	-	113,931
Financial assets at FVTOCI	-	502,600	-	502,600
Insurance receivables	-	-	96,988	96,988
Other receivables	5,784	-	-	5,784
Due from related parties	23,470	-	-	23,470
	153,185	502,600	326,792	982,577

Year – 2018

	Financial instruments			
Assets	At amortised cost AED'000	FVTOCI AED'000	Insurance contracts AED'000	Total AED'000
Statutory deposits	10,000	-	-	10,000
Reinsurance contract assets	-	-	190,888	190,888
Cash and cash equivalents	142,544	-	-	142,544
Financial assets at FVTOCI	-	439,853	-	439,853
Insurance receivables	-	-	78,751	78,751
Other receivables	5,395	-	-	5,395
Due from related parties	17,815	-	-	17,815
	175,754	439,853	269,639	885,246

31 Financial risk management objectives and policies (continued)

Category-wise assets and liabilities (continued)

Year - 2019

Liabilities	At amortised cost AED'000	Insurance contracts AED'000	Total AED'000
Insurance contract liabilities	-	341,957	341,957
Insurance and other payables	35,953	115,648	151,601
Due to related parties	943	-	943
	39,896	457,605	494,501

Year – 2018

Liabilities	At amortised cost AED'000	Insurance contracts AED'000	Total AED'000
Insurance contract liabilities	-	293,004	293,004
Insurance and other payables	32,242	94,151	126,393
Due to related parties	7,523	-	7,523
	39,765	387,155	426,920

The main risks arising from the Company's financial instruments are credit risk, interest rate risk, liquidity risk, foreign exchange risk and market risk. The Board reviewed and agreed policies for management of these risks summarised below:

Credit risk

Credit risk is the risk that one party to a contract underlying a financial instrument will fail to discharge its obligations causing the other party to incur a financial loss.

All of the Company's underwriting activities are carried out in the United Arab Emirates. Cash is placed with a group of banks with good credit ratings. Credit risk on account receivables is spread, as they are due from a large number of customers. Credit risk with respect to 'due from insurers' and due from brokers is diversified due to the dispersion of amounts recoverable over a large number of insurers and brokers, however these are monitored closely by the management.

Credit risk with respect to reinsurers is mitigated by placement only with those companies having an acceptable rating.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

31 Financial risk management objectives and policies (continued)

Credit risk (continued)

The following table provides an age analysis of receivables arising from insurance.

	Neither past due nor impaired AED'000	Past due <120 days AED'000	Past due 120 -180 days AED'000	Past due >180 days AED'000	Past due Total AED'000	Past due and impaired AED'000	Total AED'000
31 December 2019	**67,120**	**8,609**	**11,211**	**14,327**	**101,267**	**(4,279)**	**96,988**
31 December 2018	27,757	32,016	8,589	13,494	81,856	(3,105)	78,751

The Company believes that overdue debtors are not impaired except those already provided for.

Liquidity risk

Liquidity risk is the risk that the Company faces in meeting its present and future financial obligations in a timely manner. Solvency risk refers to the excess of liabilities over assets, and hence, to the adequacy of the Company's capital. The Company is required to maintain an adequate level of liquidity by the regulatory requirements currently in force in the UAE.

Liquidity requirements are monitored by the management to ensure sufficient funds are available to meet commitments as they arise. The table below summarises the maturity of various assets and liabilities:

Year -2019

	Less than 30 days AED'000	30-90 days AED'000	90-180 days AED'000	After 180 days AED'000	Total AED'000
Assets					
Statutory deposits	-	-	-	10,000	10,000
Financial assets at FVTOCI	-	-	-	502,600	502,600
Insurance receivables	24,247	33,945	24,247	14,549	96,988
Other receivables	288	3,896	1,035	565	5,784
Due from related parties	4,694	7,041	10,561	1,174	23,470
Cash in hand and at banks including deposits:					
- Interest bearing	11,392	62,655	22,783	17,089	113,919
- Non-interest bearing	12	-	-	-	12
Reinsurance contract assets (a)	-	-	-	-	229,804
	40,633	107,537	58,626	545,977	982,577

31 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Less than 30 days AED'000	30-90 days AED'000	90-180 days AED'000	After 180 days AED'000	Total AED'000
Liabilities					
Insurance and other payables	22,740	53,060	45,480	30,321	151,601
Due to related parties	180	540	150	73	943
Insurance contract liabilities (a)	-	-	-	-	341,957
	22,920	53,600	45,630	30,394	494,501

Year -2018

	Less than 30 days AED'000	30-90 days AED'000	90-180 days AED'000	After 180 days AED'000	Total AED'000
Assets					
Statutory deposits	-	-	-	10,000	10,000
Financial assets	-	-	-	439,853	439,853
Insurance receivables	14,151	33,432	19,786	11,382	78,751
Other receivables	55	4,978	185	177	5,395
Due from related parties	2,354	6,023	7,231	2,207	17,815
Cash in hand and at banks including deposits:					
- Interest bearing	14,422	57,253	46,832	24,025	142,532
- Non-interest bearing	12	-	-	-	12
Reinsurance contract assets (a)	-	-	-	-	190,888
	30,994	101,686	74,034	487,644	885,246
Liabilities					
Insurance and other payables	18,491	46,960	35,749	25,193	126,393
Due to related parties	1,235	4,027	1,408	853	7,523
Insurance contract liabilities (a)	-	-	-	-	293,004
	19,726	50,987	37,157	26,046	426,920

(a) The maturities of insurance contract liabilities and the corresponding re-insurance contract assets are contingent upon the final settlement of claims, therefore cannot be reliably allocated to any particular maturity slab.

31 Financial risk management objectives and policies (continued)

Interest rate risk

The interest risk is the risk that the value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company has interest bearing deposits in commercial banks having effective interest rate 2.15% to 2.95% (2018: 1.95%-3.50%) per annum. The interest rate is floating in nature. However, the Company does not foresee any material impacts due to interest rate fluctuations in the foreseeable future as the total amount of interest income was not material and there were no significant movements noted during the year in the interest rates.

Exchange risk

A major portion of the Company's liabilities and assets are denominated in AED or US Dollars. Since AED is effectively pegged to US Dollars, there is minimal exchange risk.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments in quoted and unquoted shares.

The Company limits market risks by maintaining a diversified portfolio and by continuous monitoring of developments in stock markets. In addition, the Company actively monitors the key factors that affect stock movements, including analysis of the operational and financial performance of investee.

All the Company's investments are within the United Arab Emirates.

Sensitivity of equity prices

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

Given that all other variables remain constant, had equity prices been 10% higher/lower at the reporting date:

- net profit for the year ended 31 December 2019 would have been unaffected as the equity investments are classified as Fair Value Through Other Comprehensive Income (FVTOCI);

- fair value reserve on financial assets of FVTOCI within equity would have increased/decreased by AED 50.26 million (2018: increase/decrease by AED 43.99 million).

32 Capital management

The Company's objective when managing capital risks are:

1) To comply with the Insurance Capital Requirements required by the UAE Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations concerning Insurance Companies and Agents. The minimum regulatory capital for Insurance Companies which must be maintained at all times throughout the year as per the Law is AED 100,000,000 (2018: AED 100,000,000).

2) To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to the shareholders.

3) To provide an adequate rate of return to shareholders by pricing products and services commensurate with the level of risk.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholders or issue new shares.

There were no changes made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

The table below summarises the minimum regulatory capital of the Company and the actual equity held by the Company at the end of the year:

	2019	2018
	AED'000	AED'000
Cash and cash equivalents	**113,931**	142,544
Total equity held	**569,443**	541,045
	=======	=======
Minimum regulatory capital	**100,000**	100,000
	=======	=======

33 Comparatives

Comparative figures have been reclassified in order to conform to current period's presentation and improve the quality of information presented. However, there is no effect on previously reported total assets, total equity, total liabilities and profit for the year.

34 Post-reporting date events

Except for the proposed cash dividend of 35% of paid up capital for the year ended 31 December 2019 (note 26), there are no adjusting or significant non-adjusting events which have occurred between the reporting date and the date of authorisation of these financial statements.