ALLIANCE INSURANCE P.S.C.

Financial Statements
For the year ended 31 December 2023

ALLIANCE INSURANCE P.S.C.
Financial statements
For the year ended 31 December 2023

Report of the Board of Directors

Dear Shareholders,

I welcome you to the Annual General Meeting, where we will present the financial report for the year 2023, which includes the Auditor's report and financial statements.

As you know, the global economy has been facing challenges that affect many countries worldwide, including geopolitical risks. As a result, a great deal of uncertainty has affected strategic plans in recent years. The challenges remain the same in the insurance industry, with an oversaturated industry that causes a fierce cutthroat price war.

On the economic side, the UAE leadership has taken strong measures to mitigate the effects of these challenges, and we are witnessing solid initiatives in innovations and advanced technological achievements. The UAE has undergone a series of robust regulatory reforms that have led to improvements in all sectors, making it a model to appreciate. The UAE has also taken significant steps to reduce its environmental footprint and is committed to reaching zero carbon emissions by 2050, ensuring sustainability for future generations.

The insurance industry in the UAE has undergone significant changes in recent years, with the government implementing solid regulations to ensure healthier financial results. Despite the fierce competition and economic uncertainty, Alliance has shown robust and consistent profitability for the last thirteen years and maintained its (A-Excellent) rating by A.M. Best for seventeen consecutive years. This is due to the robust strategies implemented by Alliance's Board Members, Senior Management, and Employees, ensuring the protection of our clients and shareholders.

At Alliance, we have always strived to provide our clients the best possible service and support. We have continued to invest in our infrastructure, technology, and human capital to remain at the forefront of the industry. We have also worked hard to maintain our reputation as a trustworthy and reliable insurance provider. We are confident that with the continued support of our shareholders, Alliance will continue to grow and expand in the coming years. We thank you for your continued trust in our company and look forward to your valuable input during this meeting.

Below is the overall performance summary of the company for the year 2023 compared to 2022:

Please note all figures are in AED

	2023	2022 Restated
Cash and cash equivalents/deposits/statutory deposits	**494,133,660**	517,003,334
Investments at amortized cost	**328,932,079**	331,995,223
Total assets	**1,321,277,497**	1,321,996,645
Total equity	**560,240,558**	535,774,854
Insurance revenue	**305,025,879**	290,642,359
Gross claims paid	**89,400,307**	56,032,409
Profit for the year	**53,894,649**	62,969,570

The net profit in 2023 after technical reserves and doubtful debts stands at AED 53,894,649 compared to AED 62,969,570 in 2022.

Report of the Board of Directors (continued)

In light of the results for the financial year ended 31 December 2023, the Board of Directors presents for your consideration the following recommendations:

1. Approval of the Report of the Board of Directors and the Auditor's report for the year 2023.

2. Approval of the financial statements for the year ended 31 December 2023.

3. Approve the recommendation of the Board as follows:

   a. AED 2,496,730 to be transferred to the Statutory Reserve as 10% of the net profit for the year 2023.

   b. AED 5,389,465 to be transferred to the Regular Reserve as 10% of the net profit for the year 2023.

   c. AED 8,000,000 to be transferred to General Reserve.

   d. AED 1,078,182 will be transferred to the Reinsurance Reserve as 0.5% of the total reinsurance premiums ceded for 2023.

   e. AED 1,524,636 Director's Remuneration.

4. To discharge the Chairman, Board of Directors, and Auditors from their responsibility for the year ended 31 December 2023.

5. To appoint/ reappoint Auditors for 2024 and determine their fees.

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, financial performance, and cash flows of the Company as of and for the periods presented therein.

In conclusion, the Board of Directors would like to take this opportunity to extend their sincere appreciation and gratitude to His Highness Sheikh Mohammed bin Zayed Al Nahyan, the President of the United Arab Emirates, His Highness Sheikh Mohamed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, Sheikh Mansour bin Zayed bin Sultan Al Nahyan Vice President and Deputy Prime Minister and their Highnesses, the brothers' Sheikhs, members of the Supreme Council of the Union for their continuous support to economic institutions and national companies.

We also take this opportunity to express our appreciation to our reinsurance partners who continue to support us. We also express our sincere gratitude to our clients for their trust in our company and to the management and staff of Alliance for their dedication, hard work, and loyalty.

Vice Chairman
06/03/2024

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Independent Auditor's Report

To the Shareholders of Alliance Insurance P.S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alliance Insurance P.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and 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 Accountants' 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 judgement, were of most significance in the audit of the financial statements of the current year. These matters, and any comments we make on the results of our procedures thereon, 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.

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Independent Auditor's Report

To the Shareholders of Alliance Insurance P.S.C.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of (Re)Insurance Contract Assets and Liabilities	
As at 31 December 2023, the Company's (Re)Insurance contract assets are valued at AED 231.25 million and AED 0.35 million respectively, and (Re)Insurance contract liabilities are valued at AED 0.017 million and AED 735.21 million respectively (Refer Note 8). Valuation of (Re)Insurance contract assets and liabilities involves significant judgements and estimates particularly with respect to, estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims. These cash flows and liabilities primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries. The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cash flows.	We performed the following procedures in conjunction with our actuarial specialists: • Understood and evaluated the process, the design and implementation of controls in place to determine valuation of (Re)Insurance contract assets and liabilities; • Assessed the competence, capabilities and objectivity of the management appointed actuary. • Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows; • Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cash flows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; • We independently reperformed the calculation to assess the mathematical accuracy of the (Re)Insurance contract assets and liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves; • Evaluated and tested the data used in the impairment model calculations for insurance receivables; and • Evaluated and tested the calculation of the expected credit loss allowance and the key assumptions and judgements used.

Grant Thornton

Independent Auditor's Report

To the Shareholders of Alliance Insurance P.S.C.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Disclosure of impact of adopting IFRS 17	
We determined the disclosure of the impact of adopting IFRS 17 to be a key audit matter because of the significant changes introduced by the standard, which includes significant estimates and judgements, and because the impacts will be of particular importance to the readers of these financial statements (Refer to Note 4). In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17: - The determination of the transition approach adopted for each group of insurance contracts; - The methodology adopted and key assumptions used to determine the impact and restatement of previously reported numbers in accordance with IFRS 17. - Disclosure of the impact of restatement, in accordance with IFRS 17.	Our audit procedures, among others, include: • Assessed whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17; • Using our actuarial specialists, evaluated the appropriateness of the methodology used to determine discount rates as at the transition date; • Evaluated the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows; • Evaluated the completeness, and on sample basis, the accuracy and relevance of the data used to determine the impact of IFRS 17 adoption and restatement; and • Evaluated the reasonableness of the quantitative and qualitative disclosures included in the financial statements in accordance with IFRS 17.
Valuation of investment properties	
Investment properties represented 17% of total assets as at 31 December 2023. Management appointed independent external valuers to determine the fair valuation of investment properties. The valuation of investment properties, as detailed in Note 6, requires significant judgement to be applied and estimates to be made by both management and the independent external valuers. Consequently, we considered this to be a key audit matter.	Our audit procedures, among others, include:: • Obtained an understanding of the process of determining the fair value of the investment properties; • Assessed the competence, skills, qualifications and objectivity of the independent external valuers; • Reviewed the scope of the engagement between the external valuers and the Company to determine if this was sufficient for audit purposes; • Verified the accuracy, completeness and relevance of the input data used for deriving fair values; • Reperformed the mathematical accuracy of the valuations on a sample basis; • Agreed the results of the valuations to the amounts recorded in the financial statements; and • Assessed the adequacy of disclosures included in financial statements against the requirements of IFRSs.

Other matter

The financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 21 March 2023.

Grant Thornton

Independent Auditor's Report

To the Shareholders of Alliance Insurance P.S.C.

Report on the Audit of the Financial Statements (continued)

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. (32) of 2021 and Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

- Identify and assess the risks of material misstatement of the 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.

Independent Auditor's Report

To the Shareholders of Alliance Insurance P.S.C.

Report on the Audit of the Financial Statements (continued)

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

- 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.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. 32 of 2021, 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 UAE Federal Law No. 32 of 2021;

iii) The Company has maintained proper books of account;

iv) The financial information included in the Directors' report is consistent with the books of account of the Company;

v) As disclosed in note 7 to the financial statements, the Company has not purchased or invested in shares during the year ended 31 December 2023;

vi) Note 24 to the financial statements discloses material related party transactions, and the terms under which they were conducted;

vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the Federal Law No. 32 of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and

viii) Note 23 to the financial statements discloses the social contributions made during the year ended 31 December 2023.

Independent Auditor's Report

To the Shareholders of Alliance Insurance P.S.C.

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

Further, as required by the UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Dubai, United Arab Emirates

6 March 2024

Alliance Insurance P.S.C.

Statement of financial position
As at 31 December 2023

	Notes	2023 AED	*Restated* 2022 AED	*Restated* 2021 AED
Assets				
Property and equipment	5	**4,206,683**	3,975,194	3,804,097
Investment properties	6	**227,465,500**	213,850,000	207,538,000
Investments at amortised cost	7	**328,932,079**	331,995,223	333,077,974
Investments at fair value through other comprehensive income (FVOCI)	7	**8,315,980**	7,744,925	6,888,342
Insurance contract assets	8	**346,726**	-	-
Reinsurance contract assets	8	**231,247,203**	222,106,899	119,525,752
Prepayments and other receivables	9	**26,629,667**	25,321,070	24,170,325
Statutory deposits	10	**10,000,000**	10,463,189	10,228,125
Deposits	11	**469,323,297**	474,919,390	416,653,053
Cash and cash equivalents	12	**14,810,363**	31,620,755	82,812,969
Total assets		**1,321,277,498**	1,321,996,645	1,204,698,637
Equity and liabilities				
Equity				
Share capital	13	**100,000,000**	100,000,000	100,000,000
Statutory reserve	14	**100,000,000**	97,503,270	93,661,305
Regular reserve	14	**93,303,535**	87,914,070	84,072,105
General reserve	14	**222,000,000**	222,000,000	222,000,000
Reinsurance reserve	14	**3,967,092**	2,888,910	1,770,456
Cumulative changes in fair value of FVOCI investments		**(2,447,586)**	(3,018,641)	(3,875,224)
Retained earnings		**43,417,517**	28,487,245	5,349,488
Total equity		**560,240,558**	535,774,854	502,978,130
Liabilities				
Employees' end of service benefits	15	**5,973,940**	4,729,762	4,713,384
Insurance contract liabilities	8	**735,210,792**	760,089,201	683,407,302
Reinsurance contract liabilities	8	**17,084**	-	-
Other payables	16	**19,835,124**	21,402,828	13,599,821
Total liabilities		**761,036,940**	786,221,791	701,720,507
Total equity and liabilities		**1,321,277,498**	1,321,996,645	1,204,698,637

These financial statements were authorised for issue on 06 March 2024 by the Board of Directors and signed on its behalf by:

Saeed Mohammed AlKamda
Vice-Chairman

Aimen Saba Azara
Executive Board Member and CEO

The notes from 1 to 31 form an integral part of these financial statements.

Alliance Insurance P.S.C.

Statement of profit or loss
For the year ended 31 December 2023

	Notes	2023 AED	*Restated* 2022 AED
Insurance revenue	18	**305,025,879**	290,642,359
Insurance service expenses	19	**(175,093,281)**	(248,209,114)
Insurance service result before reinsurance contracts held		**129,932,598**	42,433,245
Allocation of reinsurance premiums		**192,854,997**	171,490,994
Amounts recoverable from reinsurance for incurred claims		**(57,419,884)**	(105,404,935)
Net expenses from reinsurance contracts held		**135,435,113**	66,086,059
Insurance service result		**(5,502,515)**	(23,652,814)
Insurance finance (expense)/income	20	**(11,774,076)**	39,330,132
Reinsurance finance income/(expense)	20	**2,804,058**	(1,358,905)
Net insurance financial result	20	**(8,970,018)**	37,971,227
Income from financial investments	21	**44,443,767**	33,216,876
Income from investment properties - net	22	**22,945,277**	14,912,707
Total investment income		**67,389,044**	48,129,583
Foreign currency exchange gain		**190,252**	152,388
Other income		**2,302,921**	2,229,947
Other operating expenses		**(1,515,035)**	(1,860,761)
Net profit for the year		**53,894,649**	62,969,570
Basic and diluted earnings per share	17	**53.89**	62.97

The notes from 1 to 31 form an integral part of these financial statements.

Alliance Insurance P.S.C.

Statement of comprehensive income
For the year ended 31 December 2023

	Note	2023 AED	*Restated* 2022 AED
Net profit for the year		**53,894,649**	62,969,570
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	7	**571,055**	856,583
Total other comprehensive income for the year		**571,055**	856,583
Total comprehensive income for the year		**54,465,704**	63,826,153

The notes from 1 to 31 form an integral part of these financial statements.

Alliance Insurance P.S.C.

Statement of changes in equity
For the year ended 31 December 2023

	Share capital AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Reinsurance reserve AED	Cumulative changes in fair value of FVTOCI investments AED	Retained earnings AED	Total equity AED
Balance as at 1 January 2022, as previously reported	100,000,000	93,661,305	84,072,105	222,000,000	1,770,456	(3,875,224)	40,988,455	538,617,097
Impact of initial application of IFRS 17	-	-	-	-	-	-	(35,638,967)	(35,638,967)
Restated balance as at 1 January 2022	100,000,000	93,661,305	84,072,105	222,000,000	1,770,456	(3,875,224)	5,349,488	502,978,130
Net profit for the year *(restated)*	-	-	-	-	-	-	62,969,570	62,969,570
Other comprehensive income for the year	-	-	-	-	-	856,583	-	856,583
Total comprehensive income for the year	-	-	-	-	-	856,583	62,969,570	63,826,153
Transfer to reserves	-	3,841,965	3,841,965	-	1,118,454	-	(8,802,384)	-
Directors renumeration	-	-	-	-	-	-	(1,029,429)	(1,029,429)
Dividend paid	-	-	-	-	-	-	(30,000,000)	(30,000,000)
Balance as at 31 December 2022	100,000,000	97,503,270	87,914,070	222,000,000	2,888,910	(3,018,641)	28,487,245	535,774,854
Balance as at 1 January 2023	**100,000,000**	**97,503,270**	**87,914,070**	**222,000,000**	**2,888,910**	**(3,018,641)**	**39,576,289**	**546,863,898**
Impact of initial application of IFRS 17	-	-	-	-	-	-	**(11,089,044)**	**(11,089,044)**
Restated balance as at 1 January 2023	**100,000,000**	**97,503,270**	**87,914,070**	**222,000,000**	**2,888,910**	**(3,018,641)**	**28,487,245**	**535,774,854**
Net profit for the year	-	-	-	-	-	-	**53,894,649**	**53,894,649**
Other comprehensive income for the year	-	-	-	-	-	**571,055**	-	**571,055**
Total comprehensive income for the year	-	-	-	-	-	**571,055**	**53,894,649**	**54,465,704**
Transfer to reserves	-	**2,496,730**	**5,389,465**	-	**1,078,182**	-	**(8,964,377)**	-
Dividend paid	-	-	-	-	-	-	**(30,000,000)**	**(30,000,000)**
Balance as at 31 December 2023	**100,000,000**	**100,000,000**	**93,303,535**	**222,000,000**	**3,967,092**	**(2,447,586)**	**43,417,517**	**560,240,558**

The notes from 1 to 31 form an integral part of these financial statements.

Alliance Insurance P.S.C.

Statement of cash flows
For the year ended 31 December 2023

	Notes	2023 AED	*Restated* 2022 AED
Cash flows from operating activities			
Net profit for the year		**53,894,649**	62,969,570
Adjustments for:			
Depreciation of property and equipment	5	**565,939**	474,717
Property and equipment written off during the year	5	**103,250**	-
Interest income from investments at amortised cost	21	**(19,328,246)**	(19,042,689)
Amortisation of premiums on investments	7	**3,063,144**	1,668,254
Interest income from deposits	21	**(22,303,744)**	(10,920,017)
Provision for bad debts		**1,943,503**	497,544
Interest income from loans guaranteed by life insurance policies	21	**(2,365,643)**	(2,558,202)
Change in fair value of investment properties	6	**(13,615,500)**	(6,312,000)
Income from investment properties	22	**(9,329,777)**	(9,096,141)
Provision for employees' end of service indemnity	15	**1,401,793**	563,126
Income from investments carried at FVOCI	21	**(446,134)**	(695,968)
Operating cash flows before changes in working capital		**(6,416,766)**	17,548,194
Changes in working capital:			
Prepayments and other receivables		**(3,312,444)**	(764,441)
Reinsurance contract assets		**(9,140,304)**	(102,581,147)
Insurance contract assets		**(346,726)**	-
Insurance contract liabilities		**(24,878,409)**	76,681,899
Reinsurance contract liabilities		**17,084**	-
Other payables		**797,939**	4,746,354
Cash used in operations		**(43,279,626)**	(4,369,141)
Employees' end of service indemnity paid	15	**(157,615)**	(546,748)
Net cash used in operating activities		**(43,437,241)**	(4,915,889)
Cash flows from investing activities			
Purchase of property and equipment	5	**(900,678)**	(645,814)
Income received on deposits		**19,706,273**	7,937,581
Purchase of investments at amoritsed cost	7	**-**	(10,589,588)
Maturity of financial investments at amortised cost	7	**-**	10,004,085
Income received from investments at amortised cost		**19,365,185**	18,977,973
Deposits encashed/(placed) during the year		**8,193,565**	(55,518,965)
Movement in statutory deposit		**463,189**	-
Income received from investment properties		**9,353,181**	12,862,435
Income from investments carried at FVOCI	21	**446,134**	695,968
Net cash generated from/(used in) investing activities		**56,626,849**	(16,276,325)
Cash flows from financing activity			
Dividends paid to shareholders	31	**(30,000,000)**	(30,000,000)
Net cash used in financing activity		**(30,000,000)**	(30,000,000)
Net change in cash and cash equivalents		**(16,810,392)**	(51,192,214)
Cash and cash equivalents at beginning of the year		**31,620,755**	82,812,969
Cash and cash equivalents at end of the year	12	**14,810,363**	31,620,755

The notes from 1 to 31 form an integral part of these financial statements.

1 Legal status and activities

Alliance Insurance P.S.C. (the "Company") is a Public Shareholding Company which was originally established in Dubai on 1 July 1975 as a limited liability company under the name of Credit and Commerce Insurance Company. The Company was subsequently incorporated in Dubai on 6 January 1982 as a limited liability company under an Emiri Decree. The Company was converted to a Public Shareholding Company (P.S.C.) in January 1995, in accordance with the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended). The Company's shares are listed on the Dubai Financial Market. The registered address of the Company is Warba Centre, P.O. Box 5501, Dubai, United Arab Emirates.

The licensed activities of the Company are issuing short term and long-term insurance contracts. The insurance contracts are issued in connection with property, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and non-participating), group life, personal accident, medical and investment linked products.

These financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

During the year, Federal Law No. 48 of 2023 has been issued with effective date of 30 November 2023, repealing Federal Law No. 6 of 2007. In accordance with Article 112 of the Federal Law No. 48 of 2023, the Company has 6 months from this date to apply the provisions of the new Law. However, the Company is in compliance with the provisions of the law.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was published in the official gazette on 10 October 2022 and became effective on 25 October 2022. The Corporate Tax law will apply to taxable persons for financial years beginning on or after 1 June 2023. For the Company, Corporate Tax will apply from 1 January 2024. A rate of 9% will apply to taxable income exceeding AED 375,000. A rate of 0% will apply to taxable income not exceeding this threshold. The Company engaged a consultant to assist with assessing the impact of Corporate Tax. This engagement is substantially completed and will enable the Company to start accounting for Corporate Tax from Q1 2024.

2 Application of new and revised International Financial Reporting Standards ("IFRS")

New and revised IFRSs and interpretations applied on the financial statements

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

Standard number	Title	Effective date
IAS 1	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IAS 8	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction – Amendments to IAS 12	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

These standards have been adopted by the Company and did not have a material impact on these financial statements, except for the adoption of "IFRS 17 Insurance contracts".

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

Standards issued but not yet effective

The impact of the new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard number	Title	Effective date
IAS 1	Amendment to IAS 1 – Non-current liabilities with covenants	1 January 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024
IAS 7	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	1 January 2024

3 Statement of compliance with IFRS

This financial statement is for the year ended 31 December 2023 and is presented in United Arab Emirate Dirham (AED), which is also the functional currency of the Company. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by International Accounting Standard Board (IASB) and interpretations thereof issued by the IFRS Interpretations Committee ("IFRS IC") and in compliance with the applicable requirements of the United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Financial Regulations for Insurance Companies issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations.

Basis of preparation

These financial statements have been prepared on the historical cost basis, except for investment properties and financial assets carried at fair value through other comprehensive income which are carried at fair value and the provision for employees' end of service indemnity which is measured in accordance with U.A.E labor laws.

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

4 Material accounting policy information

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.

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

The Company applies the premium allocation approach (PAA) to simplify the measurement of contracts in the non-life segment. 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.

Recognition

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

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

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

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

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

Level of Aggregation

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

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

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

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

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

Cohorts

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

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

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Measurement Models

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

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 (as compared to previous methodology) depends on whether the impact of risk adjustment is greater than the impact of discounting and 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 as claims, expenses and embedded 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 on the next page.

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

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Measurement Models (continued)

Variable Fees Approach ("VFA")

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

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

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

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

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

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 previous methodologies (IFRS 4) 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 did not exist under the previous 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.

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Measurement Models (continued)

Variable Fees Approach ("VFA") (continued)

- The definition of revenue under GMM and VFA is quite different for long-term contracts. Under IFRS 17 revenue (or consideration) separately includes each component of the premium (i.e., expected claims and expenses and the portion of the profits relating to the period). Under IFRS 17, the revenue also excludes both loss and investment components.

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.

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.

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

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.

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	Adopted by the 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 utilise 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 to split between OCI and P&L.
Transition Approach	The Company has considered a Full Retrospective Approach where it has applied PAA and a Fair Value 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.

Insurance revenue

The insurance revenue under PAA for the year is the amount of expected premium receipts (excluding any investment component) allocated to the year. The Company allocates the expected premium receipts to each year of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage year differs significantly from the passage of time, then on the basis of the expected timing of incurred claims.

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance revenue (continued)

For the years presented, all revenue for contracts under PAA has been recognised on the basis of the passage of time except for a small segment of the non-life business where the revenue has been recognised based on the expected timing of incurred claims.

The insurance revenue under GMM and VFA has multiple components, these are explained below:

- Expected benefits incurred and other service expenses – this is an estimate of the claims and service expenses that were expected to be incurred during the reporting period. This estimation is made as at the start of the reporting period or at inception of the contracts for contracts issued during the reporting period.
- Change in risk adjustment – this is the movement in the risk adjustment on the liabilities for remaining coverage during the reporting period.
- CSM Recognised – this is the amount of CSM that is released as insurance revenue after applying the coverage units for the reporting period.
- Recovery of Acquisition Cashflows – this reflects the amount of total acquisitions cashflows that have been allocated to the current reporting period. The same amount is reflected in the insurance service expenses.
- Premium (and Related) Experience Adjustments – this reflects the experience adjustments on premiums and related cashflows that have been allocated to past or current service.

The insurance revenue under GMM and VFA excludes the loss component and the investment component.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company do not disaggregate insurance finance income or expenses between profit or loss and OCI.

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions (to the extent commissions are contingent on claims) from an allocation of reinsurance premiums presented on the face of the statement of profit or loss.

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.

4 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Transition impact

The table below summarises the impact of initial application of IFRS 17 as at 31 December 2022:

	As previously reported	Effect of application of IFRS 17	As restated
Assets	AED	AED	AED
Reinsurance contract assets	257,186,818	(35,079,919)	222,106,899
Deferred acquisition cost	9,495,801	(9,495,801)	-
Insurance and reinsurance receivables	91,757,440	(91,757,440)	-
Prepayments and other receivables	25,308,634	12,436	25,321,070
Loans guaranteed by life insurance policies	43,959,658	(43,959,658)	-
Liabilities			
Deferred commission income	9,767,828	(9,767,828)	-
Other payables	104,925,950	(83,523,122)	21,402,828
Insurance contract liabilities	747,839,995	12,249,206	760,089,201
Insurance liabilities	78,309,041	(78,309,041)	-
Premium collected in advance	9,840,553	(9,840,553)	-
Equity			
Retained earnings	39,576,289	(11,089,044)	28,487,245

The table below summarise the impact of initial application of IFRS 17 as at 1 January 2022:

	As previously reported	Effect of application of IFRS 17	As restated
Assets	AED	AED	AED
Reinsurance contract assets	160,402,854	(40,877,102)	119,525,752
Deferred acquisition cost	2,403,699	(2,403,699)	-
Insurance and reinsurance receivables	80,691,232	(80,691,232)	-
Prepayments and other receivables	24,157,887	12,438	24,170,325
Loans guaranteed by life insurance policies	45,543,850	(45,543,850)	-
Liabilities			
Deferred commission income	4,685,895	(4,685,895)	-
Other payables	82,837,200	(69,237,379)	13,599,821
Insurance contract liabilities	663,150,671	20,256,631	683,407,302
Insurance liabilities	70,672,128	(70,672,128)	-
Premium collected in advance	9,525,707	(9,525,707)	-
Equity			
Retained earnings	40,988,455	(35,638,967)	5,349,488

4 Material accounting policy information (continued)

Property and equipment

Land is not depreciated and is stated at cost. Capital work in progress is stated at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use. Other property and equipment are stated at cost less accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, other than capital work in progress and land, over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

The useful lives considered in the calculation of depreciation for the assets are 4 years except for building which has a useful life of 10 years.

Investment properties

Investment properties are properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in providing services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of profit or loss. The Company determines fair value on the basis of valuations provided by two independent valuers who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties being valued.

Investment properties is derecognised when either they have been disposed of or when the investment properties 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 properties are recognised in the statement of profit or loss in the period of retirement or disposal.

Transfers are made to/or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

4 Material accounting policy information (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

Financial instruments

The Company initially recognises financial instruments on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

At inception, a financial asset is classified as measured at amortised cost or fair value.

A financial asset qualifies for amortised cost measurement only if it meets both of the following two conditions:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cashflows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value.

The Company makes an assessment of a business model at portfolio level as this reflect the best way the business is managed, and information is provided to the management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- management's stated policies and objectives for the portfolio and the operation of those policies in practice.
- how management evaluates the performance of the portfolio;
- whether management's strategy focus on earning contractual interest revenue;
- the degree of frequency of any expected asset sales;
- the reason of any asset sales; and
- whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Financial assets measured at amortised cost

Financial assets including cash and cash equivalents, deposits/statutory deposits, and investments at amortised cost are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

4 Material accounting policy information (continued)

Financial instruments (continued)

Equity instruments at FVOCI

Ordinary shares of the Company are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Investments in equity instruments at FVOCI 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 reserve. 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.

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.

Debt instruments at amortised cost

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Company has not identified a change in its business models.

Debt instruments that are held within a business model whose objective is to collect 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.

The amortised cost of financial asset is the amount at which the financial asset is measured at the initial recognition minus the principle repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Debt instruments that are subsequently measured at amortised cost are subject to impairment

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with the banks and deposits with original maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Deposits

Deposits are deposits held with banks with original maturities of more than three months, which are initially measured at fair value and subsequently measured at amortised cost. Fixed deposits are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment.

Provision for credit loss

The Company recognises a loss for credit losses on investments in debt instruments that are measured at amortised cost, deposits and bank balances. The amount of credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs (expected credit losses) are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

4 Material accounting policy information (continued)

Financial instruments (continued)

Provision for credit loss (continued)

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company utilises the general approach to calculate ECL against its deposits with banks and for its investments in debt securities which is dependent on the rating of the banks and bonds as determined by an external credit rating agency. 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 the reporting date. Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

The key inputs into the measurement of ECL are the term structure of the following variables:
- Probability of default ("PD");
- Loss given default ("LGD");
- Exposure at default ("EAD").

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

Presentation of allowance for credit loss in the statement of financial position
Loss allowances for *credit loss* are presented in the statement of financial position as follows:Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is irrecoverable. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same A discounted cash flow analysis or other valuation models.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. 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. Evidence that a financial asset is credit-impaired includes the following observable data:

4 Material accounting policy information (continued)

Financial instruments (continued)

Credit-impaired financial assets (continued)

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Financial liabilities

Other payables are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short term payable when the recognition of interest would be immaterial.

De-recognition of financial instruments

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risk and rewards of the ownership are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control on the financial asset. Any interest in transferred financial assets that qualify for derecognition that is carried or retained by the Company is recognised as separate asset or liability in the statement of financial position. On derecognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in statement of profit or loss.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the financial assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the services.

The Company derecognises a financial liability when its contractual obligation are discharged or cancelled or expire.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividend is approved by the Company's shareholders.

Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRSs, or of gains and losses arising from a group of similar transactions such as in the Company's trading activity.

4 Material accounting policy information (continued)

Leasing

The Company as lessee
For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed as the leases are for short term (defined as leases with a lease term of 12 months or less).

Employee benefits

Annual leave and leave passage.

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

Provision for employees' end of service indemnity

Provision is made for the full amount of end of service benefits due to non-UAE national employees in accordance with the U.A.E Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

Defined contribution plan

UAE national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to UAE Labour Law No. 7 of 1999. The Company is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to statement of profit or loss.

Provisions

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

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

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

Revenue (other than insurance revenue)

Fee and commission income
Fee and commissions received or receivable which do not require the Company to render further service are recognised as revenue by the Company on the effective commencement or renewal dates of the related policies.

Dividend income
Dividend income is recognised when the Company's right to receive the payment has been established.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4 Material accounting policy information (continued)

Revenue (other than insurance revenue) (continued)

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

General and administrative expenses
Direct expenses are charged to the respective departmental revenue accounts. Indirect expenses are allocated to departmental revenue accounts on the basis of gross premiums. Other administration expenses are charged to profit or loss as unallocated general and administrative expenses.

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams ("AED"), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in statement of profit or loss in the year in which they arise.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above in these financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of short-term 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. Long-term contracts are measured under GMM or VFA. GMM and VFA are fundamentally different from the previous standard and have introduced various changes.

Liability for remaining coverage

For insurance acquisition cash flows for short-term business (measured under PAA), the Company is eligible but chooses not to recognise the payments as an expense immediately (coverage period of a year or less). For groups of contracts that are measured under PAA and that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

4 Material accounting policy information (continued)

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

Liability for remaining coverage (continued)

For business under GMM and VFA, 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. An explicit Risk Adjustment and, wherever applicable, Contractual Service Margin is also set aside.

Liability for incurred claims

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

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

These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In some cases, explicit assumptions are made regarding future rates of claims inflation or loss ratios. In other cases, 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.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs, wherever applicable.

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 using the USD risk-free yield curves and adjusting them using the Central Bank of UAE EIBOR. The illiquidity premium is determined by reference to observable volatility.

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

Current Rates Applicable as at 31 December 2023 - Spot Rates	**1 Year**	**5 Years**	**10 Years**	**20 Years**	**30 Years**
Property and Casualty, Medical and Group Life Products	**5.14%**	**3.88%**	**3.83%**	**3.84%**	**3.61%**
With-Profits Individual Life Products (Including Associated Riders and Individual Life Reinsurance Treaty)	**5.37%**	**4.11%**	**4.06%**	**4.08%**	**3.85%**
Pure Protection Individual Life Products (Including Associated Riders)	**5.61%**	**4.35%**	**4.30%**	**4.31%**	**4.08%**
All Unit-Linked Products (Including Associated Riders)	**3.50%**	**3.50%**	**3.50%**	**3.50%**	**3.50%**

4 Material accounting policy information (continued)

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

Discount rates (continued)

Current Rates Applicable as at 31 December 2022 - Spot Rates	1 Year	5 Years	10 Years	20 Years	30 Years
Property and Casualty, Medical and Group Life Products	5.04%	3.92%	3.72%	3.60%	3.24%
With-Profits Individual Life Products (Including Associated Riders and Individual Life Reinsurance Treaty)	5.30%	4.18%	3.98%	3.86%	3.50%
Pure Protection Individual Life Products (Including Associated Riders)	5.56%	4.44%	4.24%	4.12%	3.76%
All Unit-Linked Products (Including Associated Riders)	4.00%	4.00%	4.00%	4.00%	4.00%

Yield curve used for valuation had annual steps (i.e., the rate varied for each year) however, the rates presented above are at broader steps.

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 for the individual life business using a cost of capital approach whereby the resulting risk adjustment is equivalent to 90th percentile. Whereas for business other than individual life the Company has used a factor-based approach, deriving the factors from the regulatory solvency capital model. These factors have been assumed to correspond to 99.5th percentile.

Classification of investment properties

The Company makes judgement to determine whether certain properties qualify as investment properties and follows the guidance of IAS 40 'Investment Property' to consider whether any owner-occupied properties are not significant and are classified accordingly as investment properties.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Classification of investments

Management decides on acquisition of an investment whether it should be classified as FVOCI, or Investments at amortised cost.

Equity instruments are classified as FVOCI securities when they are considered by management to be strategic equity investments that are not held to benefit from changes in their fair value and are not held for trading.

Management is satisfied that the Company's investments in securities are appropriately classified.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

4 Material accounting policy information (continued)

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

Business model assessment (continued)

The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the years presented.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Going concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue a going concern. Therefore, the financial statements are prepared on a going concern basis.

Valuation of investment properties

The fair value of investment properties were determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The independent valuers provide the fair value of the Company's investment properties portfolio annually.

Depreciation of property and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. Management has not considered any residual value as it is deemed immaterial.

5 Property and equipment

	Land AED	Building AED	Furniture and fixtures AED	Computer, software and office equipment AED	Motor vehicles AED	Capital work-in progress AED	Total AED
Cost							
Balance as at 1 January 2022	2,470,555	1,751,577	4,631,301	4,624,578	634,238	310,694	14,422,943
Additions during the year	-	-	33,645	140,365	-	471,804	645,814
Transfer during the year	-	-	-	420,000	-	(420,000)	-
Balance as at 31 December 2022	2,470,555	1,751,577	4,664,946	5,184,943	634,238	362,498	15,068,757
Additions during the year	-	-	**71,152**	**36,030**	**489,098**	**304,398**	**900,678**
Transfer during the year	-	-	-	**516,425**	-	**(516,425)**	-
Disposals during the year	-	-	-	-	**(355,000)**	-	**(355,000)**
Write offs during the year	-	-	-	**(118,000)**	-	-	**(118,000)**
Balance as at 31 December 2023	**2,470,555**	**1,751,577**	**4,736,098**	**5,619,398**	**768,336**	**150,471**	**15,496,435**
Accumulated depreciation							
Balance as at 1 January 2022	-	1,049,088	4,552,121	4,383,408	634,229	-	10,618,846
Charge for the year	-	184,158	63,498	227,061	-	-	474,717
Balance as at 31 December 2022	-	1,233,246	4,615,619	4,610,469	634,229	-	11,093,563
Charge for the year	-	**184,157**	**26,585**	**301,595**	**53,602**	-	**565,939**
Disposals during the year	-	-	-	-	**(354,999)**	-	**(354,999)**
Write offs during the year	-	-	-	**(14,751)**	-	-	**(14,751)**
Balance as at 31 December 2023	-	**1,417,403**	**4,642,204**	**4,897,313**	**332,832**	-	**11,289,752**
Net book value							
Balance as at 31 December 2023	**2,470,555**	**334,174**	**93,894**	**722,085**	**435,504**	**150,471**	**4,206,683**
Balance as at 31 December 2022	2,470,555	518,331	49,327	574,474	9	362,498	3,975,194

As at 31 December 2023, the cost of fully depreciated property and equipment that was still in use amounted to AED 9,414,033 (2022: AED 9,335,325). Property and equipment are located in U.A.E.

6 Investment properties

	2023 AED	2022 AED
Balance as at 1 January	**213,850,000**	207,538,000
Change in fair value	**13,615,500**	6,312,000
Balance as at 31 December	**227,465,500**	213,850,000

Investment properties comprises two commercial buildings in Dubai, United Arab Emirates. The fair value of the Company's investment properties as at 31 December 2023 has been arrived at on the basis of valuations carried on the reporting date by independent valuers who are not related to the Company and have appropriate qualifications and recent market experience in the valuation of properties in the United Arab Emirates. The fair value was determined based on the net income capitalisation method, where the market rentals of all lettable units of the properties are assessed by reference to the rental achieved in the lettable units. The capitalisation rate adopted is determined by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective property. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The Company's investment properties are classified as Level 3 in the fair value hierarchy as at 31 December 2023 (2022: Level 3).

7 Financial investments

	Carrying value		Fair value	
	31 December 2023 AED	31 December 2022 AED	**31 December 2023 AED**	31 December 2022 AED
Financial instruments				
Investments held at amortised cost	**328,932,079**	331,995,223	**324,265,582**	321,725,780
At fair value through other comprehensive income	**8,315,980**	7,744,925	**8,315,980**	7,744,925
	337,248,059	339,740,148	**332,581,562**	329,470,705

Investments at amortised cost

	2023 AED	2022 AED
Quoted bonds	**330,563,911**	333,627,055
Provision for expected credit loss	**(1,631,832)**	(1,631,832)
	328,932,079	331,995,223

	2023 AED	2022 AED
Inside UAE	**196,536,239**	198,678,410
Outside UAE	**132,395,840**	133,316,813
	328,932,079	331,995,223

The bonds carry interest at the rates of 4.75% to 9.50% (2022: 4.75% to 9.50%) per annum and interest is payable semi-annually/annually. The Company holds these investments with the objective of receiving the contractual cash flows over the instrument life. The fair value of quoted bonds as at 31 December 2023 amounted to AED 324,265,582 (2022: AED 321,725,780).

Investments carried at FVOCI

	2023 AED	2022 AED
Quoted equity securities in UAE	**8,315,980**	7,744,925

7 Financial investments (continued)

The movement in investments at FVOCI and investments at amortised cost are as follows:

	FVOCI AED	Amortised cost AED	Total AED
Balance as at 31 December 2021	6,888,342	333,077,974	339,966,316
Purchases	-	10,589,588	10,589,588
Matured	-	(10,004,085)	(10,004,085)
Amortised	-	(1,668,254)	(1,668,254)
Changes in fair value	856,583	-	856,583
Balance as at 31 December 2022	7,744,925	331,995,223	339,740,148
Amortised	**-**	**(3,063,144)**	**(3,063,144)**
Changes in fair value	**571,055**	**-**	**571,055**
Balance as at 31 December 2023	**8,315,980**	**328,932,079**	**337,248,059**

8 Insurance and reinsurance contracts

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

	31 December 2023			31 December 2022 *(Restated)*		
	Assets AED	**Liabilities AED**	**Net AED**	Assets AED	Liabilities AED	Net AED
Insurance contracts issued						
Life and Medical	**346,726**	**(455,987,026)**	**(455,640,300)**	-	(480,931,064)	(480,931,064)
General and Motor	**-**	**(279,223,766)**	**(279,223,766)**	-	(279,158,137)	(279,158,137)
Total insurance contracts issued	**346,726**	**(735,210,792)**	**(734,864,066)**	-	(760,089,201)	(760,089,201)
Reinsurance contracts held						
Life and Medical	**18,433,307**	**-**	**18,433,307**	23,341,349	-	23,341,349
General and Motor	**212,813,896**	**(17,084)**	**212,796,812**	198,765,550	-	198,765,550
Total reinsurance contracts held	**231,247,203**	**(17,084)**	**231,230,119**	222,106,899	-	222,106,899

Insurance contract liabilities have been adjusted for loans guaranteed by life insurance policies amounting to AED 41,341,080 as at 31 December 2023 (2022: AED 43,959,658).

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

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

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

8 Insurance and reinsurance contracts (continued)

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

2023	Life and Medical				General				
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
Insurance contract assets as at 1 January	-	-	-	-	-	-	-	-	-
Insurance contract liabilities as at 1 January	(3,774,551)	-	(10,302,801)	(302,718)	(21,377,433)	(8,193,076)	(232,513,155)	(17,074,473)	(293,538,207)
Insurance revenue	45,944,195	-	-	-	197,772,988	-	-	-	243,717,183
Insurance service expenses	(6,846,505)	-	(40,850,520)	(70,241)	(17,161,751)	2,415,043	(59,240,389)	10,239	(121,744,124)
Incurred claims and other expenses	-	-	(47,985,572)	(1,781,425)	-	-	(119,641,611)	(7,656,972)	(177,065,580)
Amortisation of insurance acquisition cash flows	(6,846,505)	-	-	-	(17,161,751)	-	-	-	(24,008,256)
Changes to liabilities for incurred claims	-	-	7,135,052	1,711,184	-	-	60,401,222	7,667,211	76,914,669
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	2,415,043	-	-	2,415,043
Insurance service result	39,097,690	-	(40,850,520)	(70,241)	180,611,237	2,415,043	(59,240,389)	10,239	121,973,059
Insurance finance expenses	-	-	(62,593)	-	-	-	(2,884,301)	-	(2,946,894)
Total changes in the statement of comprehensive Income	39,097,690	-	(40,913,113)	(70,241)	180,611,237	2,415,043	(62,124,689)	10,239	119,026,165
Cash flows									
Premiums received	(49,535,399)	-	-	-	(181,811,096)	-	-	-	(231,346,495)
Claims and other expenses paid	-	-	37,715,290	-	-	-	45,633,061	-	83,348,351
Insurance acquisition cash flows	8,848,368	-	-	-	15,200,571	-	-	-	24,048,939
Total cash flows	(40,687,031)	-	37,715,290	-	(166,610,525)	-	45,633,061	-	(123,949,205)
Net insurance contract liabilities as at 31 December									
Insurance contract assets as at 31 December	823,052	-	(468,393)	(7,933)	-	-	-	-	346,726
Insurance contract liabilities as at 31 December	(6,186,944)	-	(13,032,231)	(365,026)	(7,376,721)	(5,778,032)	(249,004,784)	(17,064,233)	(298,807,971)
Net insurance contract liabilities as at 31 December	(5,363,892)	-	(13,500,624)	(372,959)	(7,376,721)	(5,778,032)	(249,004,784)	(17,064,233)	(298,461,245)

8 Insurance and reinsurance contracts (continued)

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

2022 *(restated)*	Life and Medical				General				
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
Insurance contract liabilities as at 1 January	(6,195,511)	-	(19,477,007)	(686,681)	18,902,888	(1,024,561)	(144,836,045)	(9,821,413)	(163,138,330)
Insurance revenue	35,764,309	-	-	-	191,174,171	-	-	-	226,938,480
Insurance service expenses	(5,254,035)	-	(23,973,104)	383,963	(18,378,693)	(7,168,515)	(112,049,500)	(7,253,060)	(173,692,944)
Incurred claims and other expenses	-	-	(39,434,458)	(1,286,557)	-	-	(104,439,634)	(6,216,395)	(151,377,044)
Amortisation of insurance acquisition cash flows	(5,254,035)	-	-	-	(18,378,693)	-	-	-	(23,632,728)
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	(7,168,515)	-	-	(7,168,515)
Changes to liabilities for incurred claims	-	-	15,461,354	1,670,520	-	-	(7,609,866)	(1,036,665)	8,485,343
Insurance service result	30,510,274	-	(23,973,104)	383,963	172,795,478	(7,168,515)	(112,049,500)	(7,253,060)	53,245,536
Insurance finance expenses	-	-	47,061	-	-	-	1,771,174	-	1,818,235
Total changes in the statement of comprehensive income	30,510,274	-	(23,926,043)	383,963	172,795,478	(7,168,515)	(110,278,326)	(7,253,060)	55,063,771
Cash flows									
Premiums received	(33,985,143)	-	-	-	(238,126,588)	-	-	-	(272,111,731)
Claims and other expenses paid	-	-	33,100,249	-	-	-	22,601,216	-	55,701,465
Insurance acquisition cash flows	5,895,829	-	-	-	25,050,789	-	-	-	30,946,618
Total cash flows	(28,089,314)	-	33,100,249	-	(213,075,799)	-	22,601,216	-	(185,463,648)
Net insurance contract liabilities as at 31 December	(3,774,551)	-	(10,302,801)	(302,718)	(21,377,433)	(8,193,076)	(232,513,155)	(17,074,473)	(293,538,207)

8 Insurance and reinsurance contracts (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims – applicable to contracts not measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims	
2023	Excluding loss component AED	Loss component AED	AED	Total AED
Insurance contract liabilities as at 1 January	(402,878,775)	(16,685,065)	(46,987,154)	(466,550,994)
Insurance revenue	61,308,696	-	-	61,308,696
Insurance service expenses	(2,426,907)	(8,378,230)	(42,544,021)	(53,349,158)
Incurred claims and other expenses	-	-	(57,385,930)	(57,385,930)
Amortisation of insurance acquisition	(2,426,907)	-	-	(2,426,907)
Losses on onerous contracts and reversals	-	(8,378,230)	-	(8,378,230)
Changes to liabilities for incurred claims	-	-	14,841,909	14,841,909
Insurance service result	58,881,789	(8,378230)	(42,544,021)	7,959,538
Insurance finance expenses	(6,741,158)	(1,906,861)	(179,162)	(8,827,181)
Investment components	54,878,596	-	(54,878,596)	-
Total changes in the statement of profit or loss	107,019,227	(10,285,091)	(97,601,779)	(867,643)
Cash flows				
Premiums received	(89,775,778)	-	-	(89,775,778)
Claims and other expenses paid	-	-	112,124,382	112,124,382
Insurance acquisition cash flows	8,667,212	-	-	8,667,212
Total cash flows	(81,108,566)	-	112,124,382	31,015,816
Net insurance contract liabilities as at 31 December	(376,968,114)	(26,970,156)	(32,464,551)	(436,402,821)
2022 *(restated)*				
Insurance contract liabilities as at 1 January	(471,919,920)	(354,325)	(47,994,727)	(520,268,972)
Insurance revenue	63,703,880	-	-	63,703,880
Insurance service expenses	(1,218,445)	(17,543,105)	(55,754,619)	(74,516,169)
Incurred claims and other expenses	-	-	(57,015,297)	(57,015,297)
Amortisation of insurance acquisition cash	(1,218,445)	-	-	(1,218,445)
Losses on onerous contracts and reversals	-	(17,543,105)	-	(17,543,105)
Changes to liabilities for incurred claims	-	-	1,260,678	1,260,678
Insurance service result	62,485,435	(17,543,105)	(55,754,619)	(10,812,289)
Insurance finance expenses	36,206,635	1,212,365	92,898	37,511,898
Investment components	55,563,117	-	(55,563,117)	-
Total changes in the statement of profit or loss	154,255,187	(16,330,740)	(111,224,838)	26,699,609
Cash flows				
Premiums received	(93,142,781)	-	-	(93,142,781)
Claims and other expenses paid	-	-	112,232,411	112,232,411
Insurance acquisition cash flows	7,928,739	-	-	7,928,739
Total cash flows	(85,214,042)	-	112,232,411	27,018,369
Net insurance contract liabilities as at 31 December	(402,878,775)	(16,685,065)	(46,987,154)	(466,550,994)

8 Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of insurance contract balances - applicable to contracts measured for contracts not under PAA

2023	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED	CSM AED	Total AED
Insurance contract liabilities as at 1 January	(449,799,827)	(12,826,913)	(3,924,254)	(466,550,994)
Changes that relate to current services				
CSM recognised for services provided	-	-	1,174,805	1,174,805
Change in risk adjustment for non-financial risk for risk expired	-	1,626,369	-	1,626,369
Experience adjustments	3,884,535	(146,605)	-	3,737,930
Changes that relate to future services				
Contracts initially recognised in the year	(4,427,811)	(577,354)	-	(5,005,165)
Changes in estimates that adjust the CSM	1,804,945	(171,050)	(1,633,895)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(8,177,225)	(239,085)	-	(8,416,310)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	14,658,087	183,822	-	14,841,909
Insurance service result	7,742,531	676,097	(459,090)	7,959,538
Net finance expenses from insurance contracts	(8,801,821)	-	(25,360)	(8,827,181)
Total changes in the statement of profit or loss	(1,059,290)	676,097	(484,450)	(867,643)
Cash flows				
Premiums received	(89,775,778)	-	-	(89,775,778)
Claims and other directly attributable expenses paid	112,124,382	-	-	112,124,382
Insurance acquisition cash flows paid	8,667,212	-	-	8,667,212
Total cash flows	31,015,816	-	-	31,015,816
Insurance contract liabilities as at 31 December	(419,843,301)	(12,150,816)	(4,408,704)	(436,402,821)

8 Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of insurance contract balances - applicable to contracts measured for contracts not under PAA (continued)

2022 *(restated)*	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED	CSM AED	Total AED
Insurance contract liabilities as at 1 January	(504,628,038)	(14,757,037)	(883,897)	(520,268,972)
Changes that relate to current services				
CSM recognised for services provided	-	-	2,030,399	2,030,399
Change in risk adjustment for non-financial risk for risk expired	-	2,865,889	-	2,865,889
Experience adjustments	5,089,985	(346,003)	-	4,743,982
Changes that relate to future services				
Contracts initially recognised in the year	(4,239,841)	(675,923)	1,093	(4,914,671)
Changes in estimates that adjust the CSM	5,216,056	(151,404)	(5,064,652)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(16,738,759)	(59,807)	-	(16,798,566)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	963,306	297,372	-	1,260,678
Insurance service result	(9,709,253)	1,930,124	(3,033,160)	(10,812,289)
Net finance expenses from insurance contracts	37,519,095	-	(7,197)	37,511,898
Total changes in the statement of profit or loss	27,809,842	1,930,124	(3,040,357)	26,699,609
Cash flows				
Premiums received	(93,142,781)	-	-	(93,142,781)
Claims and other directly attributable expenses paid	112,232,411	-	-	112,232,411
Insurance acquisition cash flows paid	7,928,739	-	-	7,928,739
Total cash flows	27,018,369	-	-	27,018,369
Insurance contract liabilities as at 31 December	(449,799,827)	(12,826,913)	(3,924,254)	(466,550,994)

8 Insurance and reinsurance contracts (continued)

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

2023	Life and Medical				General				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
Reinsurance contract assets as at 1 January	12,869,405	-	6,140,527	216,017	17,160,603	3,742,907	160,976,228	15,269,330	216,375,017
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) as at 1 January	12,869,405	-	6,140,527	216,017	17,160,603	3,742,907	160,976,228	15,269,330	216,375,017
Allocation of reinsurance premiums	(26,450,186)	-	-	-	(163,511,921)	-	-	-	(189,962,107)
Amounts recoverable from reinsurers for incurred claims	-	-	26,188,109	41,184	-	(796,111)	30,558,507	348,499	56,340,188
Amounts recoverable for incurred claims and other expenses	-	-	31,294,761	1,411,742	-	-	91,851,921	8,454,565	133,012,989
Changes to amounts recoverable for incurred claims	-	-	(5,106,652)	(1,370,558)	-	-	(61,293,414)	(8,106,066)	(75,876,690)
Changes in fulfilment cash flows that do not adjust CSM	-	-	-	-	-	(796,111)	-	-	(796,111)
Net expense or income from reinsurance contracts held	(26,450,186)	-	26,188,109	41,184	(163,511,921)	(796,111)	30,558,507	348,499	(133,621,919)
Reinsurance finance income	-	-	43,447	-	-	-	2,514,471	-	2,557,918
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(26,450,186)	-	26,231,556	41,184	(163,511,921)	(796,111)	33,072,978	348,499	(131,064,001)
Cash flows									
Premiums paid	20,998,345	-	-	-	177,522,518	-	-	-	198,520,863
Amounts received	-	-	(25,366,808)	-	-	-	(32,560,204)	-	(57,927,012)
Total cash flows	20,998,345	-	(25,366,808)	-	177,522,518	-	(32,560,204)	-	140,593,851
Net reinsurance contract assets/(liabilities) as at 31 December	7,417,564	-	7,005,275	257,200	31,196,627	2,946,796	161,481,411	15,617,077	225,921,950
Reinsurance contract assets as at 31 December	7,417,564	-	7,005,275	257,200	31,196,627	2,946,796	161,481,411	15,617,076	225,921,949
Reinsurance contract liabilities as at 31 December	-	-	-	-	(25,427)	-	7,591	752	(17,084)
Net reinsurance contract assets/(liabilities) as at 31 December	7,417,564	-	7,005,275	257,200	31,171,200	2,946,796	161,489,002	15,617,828	225,904,865

8 Insurance and reinsurance contracts (continued)

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

2022 *(restated)*	Life and Medical				General				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
Reinsurance contract assets as at 1 January	7,699,737	-	11,542,846	510,326	(2,639,973)	-	90,087,527	8,843,296	116,043,759
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-	-	-
Net reinsurance contract assets as at 1 January	7,699,737	-	11,542,846	510,326	(2,639,973)	-	90,087,527	8,843,296	116,043,759
An allocation of reinsurance premiums	(20,195,698)	-	-	-	(149,089,545)	-	-	-	(169,285,243)
Amounts recoverable from reinsurers for incurred claims	-	-	15,401,982	(294,309)	-	3,742,907	79,161,953	6,426,034	104,438,567
Amounts recoverable for incurred claims and other expenses	-	-	26,855,040	1,132,904	-	-	73,602,157	6,359,385	107,949,486
Changes to amounts recoverable for incurred claims	-	-	(11,453,058)	(1,427,213)	-	-	5,559,796	66,649	(7,253,826)
Changes in fulfilment cash flows that do not adjust CSM	-	-	-	-	-	3,742,907	-	-	3,742,907
Net expense or income from reinsurance contracts held	(20,195,698)	-	15,401,982	(294,309)	(149,089,545)	3,742,907	79,161,953	6,426,034	(64,846,676)
Reinsurance finance expense	-	-	(31,610)	-	-	-	(1,422,751)	-	(1,454,361)
Total changes in the statement of comprehensive income	(20,195,698)	-	15,370,372	(294,309)	(149,089,545)	3,742,907	77,739,202	6,426,034	(66,301,037)
Cash flows									
Premiums paid	25,365,366	-	-	-	168,890,121	-	-	-	194,255,487
Amounts received	-	-	(20,772,691)	-	-	-	(6,850,501)	-	(27,623,192)
Total cash flows	25,365,366	-	(20,772,691)	-	168,890,121	-	(6,850,501)	-	166,632,295
Net reinsurance contract assets as at 31 December	12,869,405	-	6,140,527	216,017	17,160,603	3,742,907	160,976,228	15,269,330	216,375,017
Reinsurance contract assets as at 31 December	12,869,405	-	6,140,527	216,017	17,160,603	3,742,907	160,976,228	15,269,330	216,375,017
Reinsurance contract liabilities as at 31 December	-	-	-	-	-	-	-	-	-
Net reinsurance contract assets as at 31 December	12,869,405	-	6,140,527	216,017	17,160,603	3,742,907	160,976,228	15,269,330	216,375,017

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims for contracts not measured under the PAA

2023	Life and Medical Assets for remaining coverage Excluding loss recovery component AED	Life and Medical Assets for remaining coverage Loss component AED	Life and Medical Amounts recoverable on incurred claims AED	General Assets for remaining coverage Excluding loss recovery component AED	General Assets for remaining coverage Loss component AED	General Amounts recoverable on incurred claims AED	Total AED
Reinsurance contract assets as at 1 January	3,907,633	-	207,857	(279,202)	-	1,895,594	5,731,882
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-
Net reinsurance contract assets as at 1 January	3,907,633	-	207,857	(279,202)	-	1,895,594	5,731,882
An allocation of reinsurance premiums	(1,614,299)	-	-	(1,278,591)	-	-	(2,892,890)
Amounts recoverable from reinsurers for incurred claims	-	-	488,419	-	-	591,278	1,079,697
Amounts recoverable for incurred claims and other expenses	-	-	310,122	-	-	811,116	1,121,238
Changes to amounts recoverable for incurred claims	-	-	178,297	-	-	(219,838)	(41,541)
Net expense or income from reinsurance contracts held	(1,614,299)	-	488,419	(1,278,591)	-	591,278	(1,813,193)
Reinsurance finance income	175,496	-	638	47,496	-	22,510	246,140
Total changes in the statement of comprehensive income	(1,438,803)	-	489,057	(1,231,095)	-	613,788	(1,567,053)
Cash flows							
Premiums paid	888,811	-	-	1,380,313	-	-	2,269,124
Amounts received	-	-	(301,287)	-	-	(807,412)	(1,108,699)
Total cash flows	888,811	-	(301,287)	1,380,313	-	(807,412)	1,160,425
Reinsurance contract assets as at 31 December	3,357,641	-	395,627	(129,984)	-	1,701,970	5,325,254
Reinsurance contract liabilities as at 31 December	-	-	-	-	-	-	-
Net reinsurance contract assets as at 31 December	3,357,641	-	395,627	(129,984)	-	1,701,970	5,325,254

8 Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims for contracts not measured under the PAA (continued)

	Life and Medical			General			
	Assets for remaining coverage			Assets for remaining coverage			
2022 *(restated)*	Excluding loss recovery component AED	Loss component AED	Amounts recoverable on incurred claims AED	Excluding loss recovery component AED	Loss component AED	Amounts recoverable on incurred claims AED	Total AED
Reinsurance contract assets as at 1 January	1,949,707	-	295,136	(217,243)	-	1,454,393	3,481,993
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-
Net reinsurance contract assets as at 1 January	1,949,707	-	295,136	(217,243)	-	1,454,393	3,481,993
An allocation of reinsurance premiums	(880,934)	-	-	(1,324,817)	-	-	(2,205,751)
Amounts recoverable from reinsurers for incurred claims	-	-	284,800	-	-	681,567	966,367
Amounts recoverable for incurred claims and other expenses	-	-	382,598	-	-	539,200	921,798
Changes to amounts recoverable for incurred claims	-	-	(97,798)	-	-	142,367	44,569
Net expense or income from reinsurance contracts held	(880,934)	-	284,800	(1,324,817)	-	681,567	(1,239,384)
Reinsurance finance income or expense	106,167	-	(380)	2,792		(13,123)	95,456
Total changes in the statement of comprehensive income	(774,767)	-	284,420	(1,322,025)	-	668,444	(1,143,928)
Cash flows							
Premiums paid	2,732,693	-	-	1,260,066	-	-	3,992,759
Amounts received	-	-	(371,699)	-	-	(227,243)	(598,942)
Total cash flows	2,732,693	-	(371,699)	1,260,066	-	(227,243)	3,393,817
Reinsurance contract assets as at 31 December	3,907,633	-	207,857	(279,202)	-	1,895,594	5,731,882
Reinsurance contract liabilities as at 31 December	-	-	-	-	-	-	-
Net reinsurance contract assets as at 31 December	3,907,633	-	207,857	(279,202)	-	1,895,594	5,731,882

8 Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of reinsurance contract balances - applicable to contracts not measured under PAA

2023	Life and Medical			General			
	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED	CSM AED	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED	CSM AED	Total AED
Reinsurance contract assets as at 1 January	2,735,561	79,677	1,300,252	1,273,147	276,597	66,648	5,731,882
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-
Net reinsurance contract (liabilities)/assets	2,735,561	79,677	1,300,252	1,273,147	276,597	66,648	5,731,882
Changes that relate to current services							
CSM recognised for services provided	-	-	(969,868)	-	-	(783,995)	(1,753,863)
Change in risk adjustment for non-financial risk for risk expired	-	(8,583)	-	-	(63,473)	-	(72,056)
Experience adjustments	(951,819)	8,834	-	271,924	108,069	-	(562,992)
Changes that relate to future services							
Contracts initially recognised in the year	(32,038)	4,896	27,143	(901,794)	71,812	829,981	-
Changes in estimates that adjust the CSM	(4,669,691)	515	5,286,434	156,316	(1,292)	(155,024)	617,258
Changes that relate to past services							
Adjustments to assets for incurred claims	181,777	(3,479)	-	(83,617)	(136,221)	-	(41,540)
Net expenses or income from reinsurance contracts	(5,471,771)	2,183	4,343,709	(557,171)	(21,105)	(109,038)	(1,813,193)
Net finance income from reinsurance contracts	161,088	-	15,046	27,617	-	42,390	246,141
Total changes in the statement of profit or loss	(5,310,683)	2,183	4,358,755	(529,554)	(21,105)	(66,648)	(1,567,052)
Cash flows							
Premiums paid	888,810	-	-	1,380,313	-	-	2,269,123
Amounts received	(301,287)	-	-	(807,412)	-	-	(1,108,699)
Total cash flows	587,523	-	-	572,901	-	-	1,160,424
Reinsurance contract assets as at 31 December	(1,987,599)	81,860	5,659,007	1,316,494	255,492	-	5,325,254
Reinsurance contract liabilities as at 31 December	-	-	-	-	-	-	-
Net reinsurance contract (liabilities)/assets as at 31 December	(1,987,599)	81,860	5,659,007	1,316,494	255,492	-	5,325,254

8 Insurance and reinsurance contracts (continued)

Reconciliation of the measurement components of reinsurance contract balances - applicable to contracts not measured under PAA (continued)

2022 *(restated)*	Life and Medical			General			
	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED	CSM AED	Estimates of present value of future cash flows AED	Risk adjustment for non-financial risk AED	CSM AED	Total AED
Reinsurance contract assets as at 1 January	462,157	52,931	1,729,756	998,915	221,340	16,894	3,481,993
Reinsurance contract liabilities as at 1 January	-	-	-	-	-	-	-
Net reinsurance contract assets as at 1 January	462,157	52,931	1,729,756	998,915	221,340	16,894	3,481,993
Changes that relate to current services							
CSM recognised for services provided	-	-	(204,283)	-	-	(1,062,939)	(1,267,222)
Change in risk adjustment for non-financial risk for risk expired	-	24,898	-	-	(35,950)	-	(11,052)
Experience adjustments	(940,679)	10,899	-	243,894	69,378	-	(616,508)
Changes that relate to future services							
Contracts initially recognised in the year	(152,920)	4,893	148,028	(840,081)	50,401	789,679	-
Changes in estimates that adjust the CSM	392,116	(553)	(391,564)	(299,955)	(16,527)	316,483	-
Changes that relate to past services							
Adjustments to assets for incurred claims	526,422	(13,391)	-	154,412	(12,045)	-	655,398
Net expenses from reinsurance contracts	(175,061)	26,746	(447,819)	(741,730)	55,257	43,223	(1,239,384)
Net finance income or expense from reinsurance contracts	87,471	-	18,315	(16,861)	-	6,531	95,456
Total changes in the statement of profit or loss	(87,590)	26,746	(429,504)	(758,591)	55,257	49,754	(1,143,928)
Cash flows							
Premiums paid	2,732,693	-	-	1,260,066	-	-	3,992,759
Amounts received	(371,699)	-	-	(227,243)	-	-	(598,942)
Total cash flows	2,360,994	-	-	1,032,823	-	-	3,393,817
Reinsurance contract assets as at 31 December	2,735,561	79,677	1,300,252	1,273,147	276,597	66,648	5,731,882
Reinsurance contract liabilities as at 31 December	-	-	-	-	-	-	-
Net reinsurance contract assets as at 31 December	2,735,561	79,677	1,300,252	1,273,147	276,597	66,648	5,731,882

8 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	>5 year AED	Total AED
31 December 2023							
CSM for insurance contracts issued	**430,052**	**369,847**	**320,751**	**280,296**	**243,445**	**2,764,313**	**4,408,704**
CSM for reinsurance contracts held	**530,589**	**461,786**	**406,160**	**359,573**	**315,748**	**3,585,151**	**5,659,007**
	960,641	**831,633**	**726,911**	**639,869**	**559,193**	**6,349,464**	**10,067,711**
31 December 2022 *(restated)*							
CSM for insurance contracts issued	395,279	341,853	293,933	251,869	219,603	2,421,717	3,924,254
CSM for reinsurance contracts held	132,720	116,723	101,432	88,702	78,575	848,748	1,366,900
	527,999	458,576	395,365	340,571	298,178	3,270,465	5,291,154

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

	PAA AED	Non-PAA AED	Total AED
31 December 2023			
Insurance contract liabilities	**298,807,971**	**436,402,821**	**735,210,792**
Reinsurance contract liabilities	**(17,084)**	**-**	**(17,084)**
Insurance contract assets	**346,726**	**-**	**346,726**
Reinsurance contract assets	**(225,921,949)**	**(5,325,254)**	**(231,247,203)**
31 December 2022 *(restated)*			
Insurance contract liabilities	293,538,207	466,550,994	760,089,201
Reinsurance contract assets	(216,375,017)	(5,731,882)	(222,106,899)

9 Prepayments and other receivables

	2023 AED	*Restated* 2022 AED
Rent receivable from tenants	**6,779,206**	6,686,448
Accrued interest from investments at amortised cost	**7,659,984**	7,696,923
Prepayments	**1,699,662**	1,969,629
Refundable deposits	**219,279**	165,536
Receivable from employees	**160,429**	299,255
Others	**14,031,566**	10,480,235
Less: allowance for credit loss on rent receivables	**(3,920,459)**	(1,976,956)
	26,629,667	25,321,070

Details of allowance for impairment as per IFRS 9 were as follows:

	2023 AED	2022 AED
Balance at the beginning of the year	**1,976,956**	1,479,412
Provision for impairment during the year	**1,943,503**	497,544
Balance at the end of the year	**3,920,459**	1,976,956

10 Statutory deposit

As at 31 December 2023, deposit of AED 10,000,000 (31 December 2022: AED 10,463,189) has been placed with one of the Company's banks, in accordance with Article (42) of the Federal Law No. (48) of 2023 (previously 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 ranging from 0.5% to 1.5% per annum (2022: 0.5% to 1.5% per annum).

11 Deposits

	2023 AED	2022 AED
Current portion		
Short term deposits with banks in the UAE	**457,538,028**	407,131,592
Accrued interest on short term deposits	**9,020,957**	4,441,578
	466,558,985	411,573,170
Non-current portion		
Long term deposits with banks in the UAE	**3,000,000**	61,600,000
Accrued interest on long term deposits	**84,550**	2,066,458
	3,084,550	63,666,458
Less: Provision for expected credit losses	**(320,238)**	(320,238)
	469,323,297	474,919,390

Deposits comprise fixed deposits with original maturity term of 12 months and above with banks in UAE bearing annual interest at rates ranging from 2.85% to 6.18% (31 December 2022: 0.05% to 5.55%).

12 Cash and cash equivalents

	2023 AED	2022 AED
Cash on hand	**230,796**	220,942
Current accounts with banks	**14,653,394**	31,473,640
Less: allowance for expected credit losses	**(73,827)**	(73,827)
	14,810,363	31,620,755

Details of allowance for impairment as per IFRS 9 were as follows:

	2023 AED	2022 AED
Balance at the beginning of the year	**73,827**	22,632
Allowance for impairment during the year	**-**	51,195
Balance at the end of the year	**73,827**	73,827

13 Share capital

	2023 AED	2022 AED
Authorised, issued and fully paid: 1,000,000 shares of AED 100 each (31 December 2021: 1,000,000 shares of AED 100 each)	**100,000,000**	100,000,000

14 Reserves

Statutory reserve

In accordance with the Company's Articles of Association and Federal Decree Law No. (32) of 2021 (as amended), a minimum of 10% of the Company's profit for the year should be transferred to a non-distributable statutory reserve. As per the Company's Articles of Association, such transfers are required until the balance on the statutory reserve equals 100% of the Company's paid-up share capital. Accordingly, AED 2,496,730 (2022: AED 3,841,965) was transferred to the statutory reserve on 31 December 2023 in accordance with Company's Articles of Association.

Regular reserve

In accordance with the Company's Articles of Association, at least 10% of the Company's profit must be transferred to regular reserve. Such transfers are required until the balance on this reserve equals 100% of the Company's paid-up share capital, or until the transfer is discontinued by resolution of the shareholders. Accordingly, AED 5,389,465 (2022: AED 3,841,965) was transferred to the regular reserve on 31 December 2023.

General reserve

A general reserve can be utilised for any purpose approved by the shareholders as per the Articles of Association of the Company.

Reinsurance reserve

In accordance with Article 34 issued by the Central Bank of the United Arab Emirates ("CBUAE"), Board of Directors Decision No. (23) of 2019 the Company has created a reinsurance reserve amounting to AED 1,078,182 in 2023 (2022: AED 1,118,454), being 0.5% of the total reinsurance premiums ceded by the Company in the United Arab Emirates in all classes of business. The Company shall accumulate such reserve year on year and not dispose off the reserve without the written approval of the Director General of the Central Bank of the United Arab Emirates ("CBUAE").

15 Employees' end of service benefits

	2023 AED	2022 AED
Balance as at the 1 January	**4,729,762**	4,713,384
Charge for the year	**1,401,793**	563,126
Amounts paid during the year	**(157,615)**	(546,748)
Balance as at 31 December	**5,973,940**	4,729,762

16 Other payables

	2023 AED	*Restated* 2022 AED
Rent received in advance	**6,582,601**	6,466,439
Provision for staff benefits	**6,664,823**	5,072,082
Accruals and provision	**1,504,127**	1,238,493
Other payables	**5,083,573**	8,625,814
	19,835,124	21,402,828

Accrued expenses relate to amounts incurred in the normal course of business such as fees payable to regulators and other professionals.

17 Basic and diluted earnings per share

	2023	*Restated* 2022
Net profit for the year (in AED)	**53,894,649**	62,969,569
Number of shares	**1,000,000**	1,000,000
Basic and diluted earnings per share (in AED)	**53.89**	62.97

Basic and diluted 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.

18 Insurance revenue

31 December 2023 **Contracts not measured under the PAA**	**Life and Medical AED**	**General AED**	**Total AED**
Expected incurred claims and other insurance service expenses	**56,197,734**	**-**	**56,197,734**
Recovery of insurance acquisition cash flows	**2,426,907**	**-**	**2,426,907**
CSM recognised for services provided	**1,174,805**	**-**	**1,174,805**
Change in risk adjustment for non-financial risk for risk expired	**1,509,249**	**-**	**1,509,249**
Contracts measured under the PAA	**45,944,196**	**197,772,988**	**243,717,184**
Total insurance revenue	107,252,891	197,772,988	305,025,879

18 Insurance revenue (continued)

31 December 2022 *(restated)* Contracts not measured under the PAA	Life and Medical AED	General AED	Total AED
Expected incurred claims and other insurance service expenses	57,752,574	-	57,752,574
Recovery of insurance acquisition cash flows	1,218,445	-	1,218,445
CSM recognised for services provided	2,030,398	-	2,030,398
Change in risk adjustment for non-financial risk for risk expired	2,702,462	-	2,702,462
Contracts measured under the PAA	35,764,309	191,174,171	226,938,480
Total insurance revenue	99,468,188	191,174,171	290,642,359

19 Insurance service expense

31 December 2023	**Life and Medical AED**	**General AED**	**Total AED**
Incurred claims and other expenses	**107,370,722**	**127,080,787**	**234,451,509**
Amortisation of insurance acquisition cash flows	**9,273,412**	**17,161,751**	**26,435,163**
Losses on onerous contracts and reversals of those losses	**8,378,230**	**(2,415,044)**	**5,963,186**
Changes to liabilities for incurred claims	**(23,688,144)**	**(68,068,433)**	**(91,756,577)**
	101,334,220	**73,759,061**	**175,093,281**

31 December 2022 *(restated)*	Life and Medical AED	General AED	Total AED
Incurred claims and other expenses	97,736,313	110,656,029	208,392,342
Amortisation of insurance acquisition cash flows	6,472,480	18,378,693	24,851,173
Losses on onerous contracts and reversals of those losses	17,543,105	7,168,515	24,711,620
Changes to liabilities for incurred claims	(18,392,552)	8,646,531	(9,746,021)
	103,359,346	144,849,768	248,209,114

20 Net insurance financial result

31 December 2023	Life and Medical AED	General AED	Total AED
Insurance finance (expenses)/income from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(23,724,501)	(3,422,086)	(27,146,587)
Due to changes in interest rates and other financial assumptions	14,834,726	537,785	15,372,511
Total insurance finance expenses from insurance contracts issued	(8,889,775)	(2,884,301)	(11,774,076)
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	269,016	2,950,864	3,219,880
Due to changes in interest rates and other financial assumptions	(49,435)	(366,387)	(415,822)
Reinsurance finance income from reinsurance contracts held	219,581	2,584,477	2,804,058
Total insurance finance expenses and reinsurance finance income	(8,670,194)	(299,824)	(8,970,018)

31 December 2022	Life and Medical AED	General AED	Total AED
Insurance finance (expenses)/income from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(4,818,517)	(313,986)	(5,132,503)
Due to changes in interest rates and other financial assumptions	42,377,475	2,085,160	44,462,635
Total insurance finance expenses from insurance contracts issued	37,558,958	1,771,174	39,330,132
Reinsurance finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	12,515	284,222	296,737
Due to changes in interest rates and other financial assumptions	61,662	(1,717,304)	(1,655,642)
Reinsurance finance income/(expense) from reinsurance contracts held	74,177	(1,433,082)	(1,358,905)
Total insurance finance expenses and reinsurance finance income	37,633,135	338,092	37,971,227

21 Income from financial investments

	2023 AED	2022 AED
Interest income from deposits	**22,303,744**	10,920,017
Interest income from investments at amortised cost	**19,328,246**	19,042,689
Interest income from loans guaranteed by life insurance policies	**2,365,643**	2,558,202
Dividend income from investments carried at FVOCI	**446,134**	695,968
	44,443,767	33,216,876

22 Income from investment properties - net

	2023 AED	2022 AED
Rental income	**16,567,805**	14,161,401
Change in fair value of investment properties (Note 6)	**13,615,500**	6,312,000
Maintenance expenses	**(5,294,525)**	(5,063,150)
Provision for credit loss on rent receivables	**(1,943,503)**	(497,544)
	22,945,277	14,912,707

23 Social contributions

Social contributions during the year ended 31 December 2023 amounted to AED 200,000 (31 December 2022: AED 150,000).

24 Related party balances and transactions

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

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

	2023 AED	2022 AED
Due from related parties (key management personnel and entities under common control)	**1,760,683**	1,609,697

The above balances are included as part of premiums and insurance balances receivables.

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

	2023 AED	2022 AED
Key management personnel and entities under common control		
Premiums from related parties	**4,790,840**	4,949,511
Claims to related parties	**1,068,245**	245,411

Transactions are entered with related parties at rates agreed with management.

Compensation of key management personnel

	2023 AED	2022 AED
Directors' remuneration	**1,500,000**	1,029,429
Short term benefits	**2,830,580**	1,849,680
Total compensation paid to the key management personnel	**4,330,580**	2,879,109

Pursuant to Article 171 of Federal Decree Law No. (32) of 2021 and in accordance with the Articles of Association of the Company, the Directors are entitled for remuneration which shall not exceed 10% of the net profits after deducting depreciation and reserves.

25 Contingent liabilities

	2023 AED	2022 AED
Letters of guarantee	**10,449,755**	20,560,329

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.

26 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of claims. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria, as well as the use of reinsurance arrangements.

Frequency and severity of claims

The claim payments under insurance contracts are inherently uncertain in terms of both the frequency and severity of claims. The extent of uncertainty varies by the line of business. Generally, individual life business is more susceptible to variations in frequency than variations in severity. Similarly, motor and medical lines are more susceptible to frequency variations as compared to severity variations. Whereas, other lines especially commercial lines can have significant variations in severity too.

The company relies on prudent underwriting and adequate diversification to manage the frequency risk. The company manages severity risk through diversification, applying underwriting limits and through reinsurance.

The company acquires reinsurance arrangements as per the nature of risk under each line of business. It maintains a combination of proportional and non-proportional treaties. Any risks not adequately covered under the treaties are also placed on facultative basis.

The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once a year and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The tables on the next page disclose the concentration of insurance liabilities by line of business. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from the insurance and reinsurance contracts.

26 Insurance risk (continued)

Frequency and severity of claims (continued)

	As at 31 December 2023		
	Gross AED	Reinsurance AED	Net AED
Life and Medical	**455,640,300**	**18,433,308**	**437,206,992**
General	**279,223,766**	**212,796,811**	**66,426,955**
	734,864,066	**231,230,119**	**503,633,947**

	As at 31 December 2022 *(restated)*		
	Gross AED	Reinsurance AED	Net AED
Life and Medical	480,931,066	23,341,439	457,589,628
General	279,158,135	198,765,460	80,392,675
	760,089,202	222,106,899	537,982,303

Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The amount of insurance claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Insurance contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the reporting date.

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

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) are analysed by type of risk where the insured operates for current and prior year premiums earned.

26 Insurance risk (continued)

Process used to decide on assumptions

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

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business. The Company has an internal actuary and independent external actuaries are also involved in the valuation of technical reserves of the Company.

Similarly, the assumptions required for individual life business projections are also based on historical experience, wherever available, suitably adjusted to reflect the anticipated or known changes. The Company has an internal actuarial function and involves independent external actuaries are also involved in the valuation of technical reserves of the Company.

Claims development process

Claims development tables are disclosed in order to put the unpaid claims estimates included in the financial statements into a context, allowing comparison of the development claims provisions with those seen in previous years.

In effect, the table highlights the Company's ability to provide an estimate of the total value of claims. This table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent reporting or accident year ends. The estimate is increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims. Data in the table related to acquired businesses is included from the acquisition date onwards.

The Company believes that the estimates of total claims outstanding as of the end of 2023 are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

In addition to scenario testing, the development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Company's estimate of liability for incurred claims for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position. The following tables illustrate the Company's estimate of total liability for incurred claims for the years up to 2023.

26 Insurance risk (continued)

Claims development process (continued)

The table below illustrates development of the net outstanding and incurred but not reported claims at the end of each year together with cumulative payments subsequent to the year of accident:

Gross insurance contract liabilities at 31 December 2023

	Prior AED	2019 AED	2020 AED	2021 AED	2022 AED	2023 AED	Total AED
At the end of each reporting year	-	78,020,975	133,884,548	110,337,407	131,103,386	156,288,987	156,288,987
One year later	-	87,784,539	76,570,319	110,202,563	104,412,852	-	104,412,852
Two years later	-	86,412,511	95,720,014	119,745,695	-	-	119,745,695
Three years later	-	86,440,291	95,921,871	-	-	-	95,921,871
Four years later	-	86,530,438	-	-	-	-	86,530,438
Reserve in respect to prior years	152,858,110	-	-	-	-	-	152,858,110
Estimate of cumulative claims	152,858,110	86,530,438	95,921,871	119,745,695	104,412,852	156,288,987	715,757,953
Less: cumulative payments to date	(152,858,110)	(86,530,162)	(95,878,892)	(64,627,102)	(70,955,478)	(61,036,298)	(531,886,042)
Total reserves included in the statement of financial position	-	276	42,979	55,118,593	33,457,374	95,252,689	183,871,911
Unallocated loss adjustment expenses							1,334,183
Risk adjustment							17,479,821
Claims payable							112,563,161
Effect of discounting							(2,841,925)
Liability for incurred claims for all lines of business							312,407,151

26 Insurance risk (continued)

Claims development process (continued)

Net insurance contract liabilities at 31 December 2023

	Prior AED	2019 AED	2020 AED	2021 AED	2022 AED	2023 AED	Total AED
At the end of each reporting year	-	26,867,192	22,902,617	32,712,542	35,636,483	30,080,717	30,080,717
One year later	-	33,425,224	20,595,740	30,172,370	30,846,192	-	30,846,192
Two years later	-	24,650,013	21,110,981	30,399,633	-	-	30,399,633
Three years later	-	24,674,141	21,482,910	-	-	-	21,482,910
Four years later	-	24,898,595	-	-	-	-	24,898,595
Reserve in respect to prior years	41,606,594	-	-	-	-	-	41,606,594
Estimate of cumulative claims	41,606,594	24,898,595	21,482,910	30,399,633	30,846,192	30,080,717	179,314,641
Less: cumulative payments to date	(41,388,862)	(24,898,495)	(21,421,698)	(29,434,962)	(28,103,097)	(18,633,603)	(163,880,717)
Total reserves included in the statement of financial position	217,732	100	61,212	964,671	2,743,095	11,447,114	15,433,924
Unallocated loss adjustment expenses							1,334,184
Risk adjustment							1,366,307
Claims payable							108,945,976
Effect of discounting							(1,140,143)
Liability for incurred claims for all lines of business							125,940,248

26 Insurance risk (continued)

Reinsurance risk

As general industry practice and to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess of loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurance and ensure diversification of reinsurance providers. The Company deals with reinsurance approved by the Board of Directors.

Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following sensitivity analysis shows the impact on gross and net liabilities, net profit, and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis.

Similarly, the liabilities for remaining coverage under the GMM and VFA are also sensitive to certain underlying assumptions and a sensitivity analysis has been performed for key assumptions. The analysis has been performed my changing each key assumption on an individual basis.

It should be noted that movements in these some assumptions are non–linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

The below tables show the impact of 0.5% change in risk adjustment, discounting and expenses on liability for incurred claims and assets for incurred claims:

Contracts under PAA

	31 December 2023		31 December 2022 *(restated)*	
	Liability / (Asset)	**Impact on Net Profit**	Liability / (Asset)	Impact on Net Profit
Base				
Insurance contract liabilities	**298,461,245**	**-**	293,538,207	-
Reinsurance contract assets	**(225,904,865)**	**-**	(216,375,017)	-
Net liabilities	**72,556,380**	**-**	77,163,190	-
Discount Rates +0.5%	**298,200,901**	**260,343**	293,282,157	256,049
Insurance contract liabilities	**(225,729,715)**	**(175,150)**	(216,207,256)	(167,761)
Reinsurance contract assets	**72,471,186**	**85,193**	77,074,901	88,288
Net liabilities	**298,200,901**	**260,343**	293,282,157	256,049
Discount Rates -0.5%	**298,723,590**	**(262,346)**	293,796,224	(258,018)
Insurance contract liabilities	**(226,081,190)**	**176,325**	(216,543,904)	168,887
Reinsurance contract assets	**72,642,400**	**(86,021)**	77,252,320	(89,131)
Net liabilities	**298,723,590**	**(262,346)**	293,796,224	(258,018)

26 Insurance risk (continued)

Sensitivities (continued)

Contracts under PAA (continued)

	31 December 2023		31 December 2022 *(restated)*	
	Liability / (Asset)	Impact on Net Profit	Liability / (Asset)	Impact on Net Profit
Base				
Insurance contract liabilities	**298,461,245**	**-**	293,538,207	-
Reinsurance contract assets	**(225,904,865)**	**-**	(216,375,017)	-
Net liabilities	**72,556,380**	**-**	77,163,190	-
Risk Adjustment +0.5%				
Insurance contract liabilities	**299,774,478**	**(1,313,234)**	294,829,778	(1,291,572)
Reinsurance contract assets	**(226,747,336)**	**842,472**	(217,181,948)	806,931
Net liabilities	**73,027,142**	**(470,762)**	77,647,830	(484,641)
Risk Adjustment -0.5%				
Insurance contract liabilities	**297,148,011**	**1,313,234**	292,246,634	1,291,572
Reinsurance contract assets	**(225,062,393)**	**(842,472)**	(215,568,085)	(806,931)
Net liabilities	**72,085,618**	**470,762**	76,678,549	484,641

Contracts not under PAA

	31 December 2023		31 December 2022 *(restated)*	
	Liability / (Asset)	Impact on Net Profit	Liability / (Asset)	Impact on Net Profit
Base				
Insurance contract liabilities	**436,402,821**	**-**	466,550,994	-
Reinsurance contract assets	**(5,325,254)**	**-**	(5,731,882)	-
Net liabilities	**431,077,567**	**-**	460,819,112	-
Discount Rates +0.5%				
Insurance contract liabilities	**423,391,399**	**13,011,422**	452,640,700	13,910,295
Reinsurance contract assets	**(5,335,994)**	**10,741**	(5,743,443)	11,561
Net liabilities	**418,055,405**	**13,022,163**	446,897,257	13,921,856
Discount Rates +0.5%				
Insurance contract liabilities	**450,144,782**	**(13,741,960)**	481,242,296	(14,691,301)
Reinsurance contract assets	**(5,315,432)**	**(9,822)**	(5,721,310)	(10,572)
Net liabilities	**444,829,350**	**(13,751,782)**	475,520,986	(14,701,873)
Risk Adjustment +0.5%				
Insurance contract liabilities	**440,173,460**	**(3,770,638)**	470,582,122	(4,031,127)
Reinsurance contract assets	**(5,379,520)**	**54,265**	(5,790,292)	58,410
Net liabilities	**434,793,940**	**(3,716,373)**	464,791,830	(3,972,717)
Risk Adjustment -0.5%				
Insurance contract liabilities	**432,751,793**	**3,651,028**	462,647,742	3,903,253
Reinsurance contract assets	**(5,270,988)**	**(54,266)**	(5,673,473)	(58,409)
Net liabilities	**427,480,805**	**3,596,762**	456,974,269	3,844,844

26 Insurance risk (continued)

Sensitivities (continued)

Contracts not under PAA (continued)

	31 December 2023		31 December 2022 *(restated)*	
	Liability / (Asset)	Impact on Net Profit	Liability / (Asset)	Impact on Net Profit
Base				
Insurance contract liabilities	436,402,821	-	466,550,994	-
Reinsurance contract assets	(5,325,254)	-	(5,731,882)	-
Net liabilities	431,077,567	-	460,819,112	-
Expenses increased by 10%				
Insurance contract liabilities	439,846,569	(3,443,748)	470,232,649	(3,681,654)
Reinsurance contract assets	(5,325,253)	-	(5,731,882)	-
Net liabilities	434,521,316	(3,443,748)	464,500,767	(3,681,654)
Expenses decreased by 10%				
Insurance contract liabilities	432,959,073	3,443,748	462,869,341	3,681,654
Reinsurance contract assets	(5,325,254)	-	(5,731,882)	-
Net liabilities	427,633,819	3,443,748	457,137,459	3,681,654

Concentration of insurance risk

Substantially all of the Company's underwriting activities are carried out in the United Arab Emirates. In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. 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 agreements.

Sensitivity of underwriting profit

The Company does not foresee any adverse change in the contribution of insurance profit due to the following reasons:

- The Company has an overall risk retention level of 35% for the year ended 31 December 2023 (2022: 38%). This is mainly due to low retention levels in general accident, fire and engineering. However, for other lines of business, the Company is adequately covered by reinsurance programs to guard against major financial impact.
- The Company has commission income of AED 16,105,737 in 2023 (2022: AED 23,078,017) predominantly from the reinsurance placement which remains a comfortable source of income.

27 Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In U.A.E., Central Bank of the United Arab Emirates ("CBUAE") specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

As per Article (8) of Section (2) of financial regulations issued for insurance companies in UAE, the Company shall at all times comply with the requirement of solvency margins.

The solvency position of the Company as at 30 September 2023 and 31 December 2022 is presented below. The Company has presented the solvency position as of 30 September 2023 which is the latest available solvency position as of the date of approval of these financial statements. As of 30 September 2023, the Company had a solvency surplus of AED 342.1 million (31 December 2022: AED 327.4 million) as compared to the Minimum Capital requirements of AED 100 million (31 December 2022: AED 100 million).

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 solvency margins as defined in the Regulations. In accordance with Circular No. CBUAE/BSD/N/2022/923 of CBUAE dated 28 February 2022, the Company has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

	Unaudited 30 September 2023 AED	31 December 2022 AED
Minimum Capital Requirement (MCR)	**100,000,000**	100,000,000
Solvency Capital Requirement (SCR)	**145,135,154**	145,396,553
Minimum Guarantee Fund (MGF)	**48,378,385**	48,465,518
Basic Own Funds	**442,102,227**	427,415,093
MCR Solvency Margin - Minimum Capital Requirement - Surplus	**342,102,227**	327,415,093
SCR Solvency Margin - Solvency Capital Requirement - Surplus	**296,967,073**	282,018,540
MGF Solvency Margin – Minimum Guarantee Fund - Surplus	**393,723,842**	378,949,575

28 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

28 Fair value measurements (continued)

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

- Level 1 the fair value of financial instruments traded in an active market is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1.
- Level 2 the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are unobservable, the instrument is included in Level 2.
- Level 3 if one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

The fair values of financial assets and financial liabilities are determined using the same valuation techniques and assumptions as those used for the year ended 31 December 2022.

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

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

Financial assets	Fair value as at 31 December 2023 AED	Fair value as at 31 December 2022 AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
FVTOCI:						
Quoted equity securities	**8,315,980**	7,744,925	Level 1	Quoted bid prices in an active market	None	N/A

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

29 Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are market risk (which includes: foreign currency risk, equity and debt price risk and interest rate risk), credit risk, liquidity risk and operational risk.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks may arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent they are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be acceptable, which are monitored on a regular basis.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

29 Financial risk (continued)

Foreign currency risk

There are no significant exchange rate risks as all monetary assets and monetary liabilities are denominated in Arab Emirates Dirhams, other G.C.C. currencies or US Dollars to which the Dirham is fixed. Management believes that there is a minimal risk of significant losses due to exchange rate fluctuations and consequently the Company has not hedged its foreign currency exposure.

Equity price risk

Equity and debt price 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 equity and debt price risk with respect to its quoted equity and debt investments. The Company limits equity and debt price risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Company actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

Sensitivity analysis

At the end of the reporting period, if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Company's:

- Other comprehensive income and equity would have increased/decreased by AED 831,598 (2022: AED 774,493).

Method and assumptions for sensitivity analysis

- The sensitivity analysis has been done based on the exposure to equity price risk at the reporting date.
- At the end of the reporting period, if equity prices are 10% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on profit or loss and equity has been shown above.

A 10% change in equity prices has been used to give a realistic assessment as a plausible event. Company does not have any impact on profit or loss due to sensitivity of equity prices.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Company. The Company is not significantly exposed to interest rate risk on its financial investments in debt instruments and term deposits since they carry fixed interest rates. As such, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company generally manages to finalise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

The Company is exposed to interest rate risk on the following for the business being measured under PAA:

(i) Liability for incurred claims; and
(ii) Amount recoverable for incurred claims.

For the business not being measured under the PAA the Company is exposed to interest rate risk on both the assets / liabilities for remaining coverage and the assets / liabilities for incurred claims.

The Company's exposure to interest rate risk relates to its deposits/ statutory deposits, debt instruments and loans guaranteed by life insurance policies. At 31 December 2023, deposits/ statutory deposits carried interest at the range of 2.85% to 6.18% per annum (2022: 0.05% to 5.55% per annum). At 31 December 2023, debt instruments carried interest at the range of 4.75% to 9.50% per annum (2022: 4.75% to 9.50% per annum).

29 Financial risk (continued)

Interest rate risk (continued)

At 31 December 2023, loans guaranteed by life insurance policies carried interest of 8% per annum (2022: 8% per annum).

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

Key areas where the Company is exposed to credit risk are:

- reinsurance contract assets;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- amounts due from other insurance companies;
- investments in debt instruments;
- cash and cash equivalents excluding cash in hand; and
- fixed deposits

The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company.

Insurance receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of insurance receivable.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

29 Financial risk (continued)

Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date. Ultimate responsibility for liquidity risk management rests with the management, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities to ensure that funds are available to meet its commitments for liabilities as they fall due.

The table below summarises the maturity profile of the Company's financial assets, financial liabilities, insurance contract liabilities and reinsurance contracts assets held. The maturity analysis has been presented on a contractual undiscounted cash flow basis except for insurance contract liabilities and reinsurance contract assets held which have been presented on their expected cash flows.

The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	Less than 1 year AED	1-5 years AED	5+ years AED	No maturity AED	Total AED
31 December 2023					
Financial assets					
Investments at amortised cost	69,023,673	259,908,406	-	-	328,932,079
Investments carried at FVOCI	-	-	-	8,315,980	8,315,980
Other receivables	24,930,005	-	-	-	24,930,005
Deposits	466,240,850	3,082,447	-	-	469,323,297
Statutory deposits	-	-	-	10,000,000	10,000,000
Cash and cash equivalents	14,810,363	-	-	-	14,810,363
	575,004,891	262,990,853	-	18,315,980	856,311,724
Financial liabilities					
Other payables (excluding rent received in advance and premium received in advance)	13,252,523	-	-	-	13,252,523
	13,252,523	-	-	-	13,252,523
31 December 2022					
Financial assets					
Investments at amortised cost	-	329,431,253	2,563,970	-	331,995,223
Investments carried at FVOCI	-	-	-	7,744,925	7,744,925
Other receivables	23,351,441	-	-	-	23,351,441
Deposits	411,295,833	63,623,557	-	-	474,919,390
Statutory deposits	-	-	-	10,463,189	10,463,189
Cash and cash equivalents	31,620,755	-	-	-	31,620,755
	466,268,029	393,054,810	2,563,970	18,208,114	880,094,923
Financial liabilities					
Other payables (excluding rent received in advance and premium received in advance)	14,936,387	-	-	-	14,936,387
	14,936,387	-	-	-	14,936,387

29 Financial risk (continued)

Liquidity risk (continued)

	Less than 1 year AED	2-5 years AED	5+ years AED	Total AED
31 December 2023				
Reinsurance contract assets (Net)	**224,733,921**	**3,105,092**	**3,391,105**	**231,230,118**
Insurance contract liabilities (Net)	**370,291,298**	**157,391,914**	**207,180,854**	**734,864,066**

	Less than 1 year AED	2-5 years AED	5+ years AED	Total AED
31 December 2022 *(restated)*				
Reinsurance contract assets (Net)	217,049,674	3,621,169	1,436,056	222,106,899
Insurance contract liabilities (Net)	371,558,699	167,275,711	221,254,792	760,089,201

Operational risk

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

30 Segment information

For management purposes, the Company is organised into two business segments, property and liability insurance (general insurance) and insurance of persons and fund accumulation operations (life assurance). 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 year ended 31 December 2023		
	Life assurance AED	General insurance AED	Total AED
Insurance revenue	107,252,891	198,070,411	305,323,302
Insurance service expenses	(101,334,219)	(74,056,484)	(175,390,703)
Insurance service result before reinsurance contracts held	5,918,672	124,013,927	129,932,599
Net expense from reinsurance contracts held	(1,983,981)	(133,451,132)	(135,435,113)
Insurance service result	3,934,691	(9,437,205)	(5,502,514)
Income from financial investments	26,501,499	17,942,268	44,443,767
Income from investment properties - net	15,197,307	7,747,970	22,945,277
Total investment income	41,698,806	25,690,238	67,389,044
Insurance finance expense	(8,889,775)	(2,884,301)	(11,774,076)
Reinsurance finance income	219,582	2,584,477	2,804,059
Financial insurance result	(8,670,193)	(299,824)	(8,970,018)
Foreign currency exchange gain	-	-	190,251
Other income	-	-	2,302,921
Unattributable expenses	-	-	(1,515,035)
Profit for the year	36,963,304	15,953,208	53,894,649

30 Segment information (continued)

	For the year ended 31 December 2022 (restated)		
	Life assurance AED	General insurance AED	Total AED
Insurance revenue	99,468,189	191,174,170	290,642,359
Insurance service expenses	(103,359,346)	(144,849,768)	(248,209,114)
Insurance service result before reinsurance contracts held	(3,891,157)	46,324,402	42,433,245
Net expense from reinsurance contracts held	(8,443,655)	(57,642,404)	(66,086,059)
Insurance service result	(12,334,812)	(11,318,002)	(23,652,814)
Income from financial investments	21,479,013	11,737,863	33,216,876
Income from investment properties - net	9,956,713	4,955,994	14,912,707
Total investment income	31,435,726	16,693,857	48,129,583
Insurance finance expense	37,558,958	1,771,174	39,330,132
Reinsurance finance income	74,177	(1,433,082)	(1,358,905)
Financial insurance result	37,633,135	338,092	37,971,227
Foreign currency exchange gain	-	-	152,386
Other income	-	-	2,229,949
Unattributable expenses	-	-	(1,860,761)
Profit for the year	56,734,049	5,713,947	62,969,570

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

As at 31 December 2023	**Life assurance AED**	**General insurance AED**	**Total AED**
Total assets	**626,301,559**	**694,975,939**	**1,321,277,498**
Total equity	**264,590,723**	**295,649,835**	**560,240,558**
Total liabilities	**478,869,738**	**282,167,202**	**761,036,940**
As at 31 December 2022 *(restated)*			
Total assets	635,803,400	686,193,245	1,321,996,645
Total equity	265,939,302	269,835,552	535,774,854
Total liabilities	492,956,480	293,265,311	786,221,791

30 Segment information (continued)

Gross written premium

Details relating to gross written premium are disclosed below to comply with the requirements of CBUAE and are not calculated as per the requirements of IFRS 17.

31 December 2023	Life Insurance AED	Fund Accumulation AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct Written Premiums	**95,090,644**	-	**41,615,533**	**194,650,024**	**331,356,201**
Assumed Business					
Foreign	-	-	-	-	-
Local	-	-	**1,036,766**	**67,353**	**1,104,119**
Total Assumed Business	-	-	**1,036,766**	**67,353**	**1,104,119**
Gross Written Premiums	**95,090,644**	-	**42,652,299**	**194,717,377**	**332,460,320**

31 December 2022	Life Insurance AED	Fund Accumulation AED	Medical Insurance AED	Property & Liability AED	All types of Business Combined AED
Direct Written Premiums	98,580,846	-	35,700,220	227,663,546	361,944,612
Assumed Business					
Foreign	-	-	-	-	-
Local	-	-	-	148,194	148,194
Total Assumed Business	-	-	-	148,194	148,194
Gross Written Premiums	98,580,846	-	35,700,220	227,811,740	362,092,806

31 Dividend and Directors' remuneration

At the Annual General Meeting held on 27 April 2023, the Shareholders approved a cash dividend of AED 30 million at AED 30 per share for 2022 (2022: AED 30 million at AED 30 per share for 2021).