Union Insurance Company P.J.S.C.

Independent auditor's report and financial statements
For the year ended 31 December 2023

Union Insurance Company P.J.S.C.

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UNIONINSURANCE

Board of Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of Union Insurance Company P.J.S.C., we have the pleasure in presenting our Report on the performance of the Company, along with the Audited Financial Statements for the year ending 31st December 2023.

Despite the challenges the company faced due to various restructuring of the business and changes in management, the Company has achieved a commendable performance during the year. The year was also the first year of presenting the financial statements under IFRS 17.

Key performance indicators were as follows:

- In accordance with Central Bank regulations, the company continues to maintain technical reserves as recommended by the Appointed Actuary.
- AM Best has revised the outlook to stable from negative and affirmed the Company's Financial Strength Rating of B+ (Good) and Long-Term Issuer Credit Rating of "bbb—" (Good). According to AM Best's Press Release on 14 December 2023 .– "These ratings reflect Union's balance sheet strength, which AM Best assesses as strong, as well as its adequate operating performance, limited business profile and marginal enterprise risk management".

2023 Financial results

- In 2023, the Company recorded a Gross Premium of AED 727 million, compared to AED 868 million in 2022.
- Insurance Revenue for 2023 amounted to AED 634 million, compared to AED 763 million for the same period last year.
- Insurance Service results for the year 2023 amounted to AED 1.2 million, compared to AED 15.3 million in 2022.
- The Company reported an investment profit of AED 17.2 million in 2023, compared to AED 5.9 million in 2022.
- The Net Loss for the year 2023 amounted to AED 2.4 million, compared to AED 2.5 million Profit for the year 2022.
- Equity as of 01/01/2023, as restated due to the implementation of IFRS 17 and IFRS 9, was AED 207.5 million. The total equity as of 31/12/2023 amounted to AED 205 million.
- The Company's total assets were AED 1.5 billion at the end of 2023, compared to AED 1.5 billion at the end of 2022.

Based on the financial results for the year 2023, no cash dividends will be distributed to the shareholders for the year 2023.

The Management takes this opportunity to thank all the shareholders and customers for their continued support and also expresses sincere appreciation to Company managers and staff for their dedication and hard work.

For and on behalf of Union Insurance Co. P.J.S.C.

Chairman of the Board
Nasser Rashid Abdulaziz Almoalla

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Union Insurance Company P.J.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Planned Response
Valuation of Insurance Contract Liabilities and Reinsurance Contract Assets	
As at 31 December 2023, the Company's Insurance Contract Liabilities and Reinsurance Contract Assets are valued at AED 794.855 million and AED 543.266 million, respectively. (Refer note 14). Valuation of these Insurance contract liabilities and Reinsurance contract assets involve significant judgements and estimates particularly with respect to the eligibility of measurement models and estimation of the present value of future cash flows. These cash flows and liabilities primarily include expected premium receipts, ultimate cost of claims and allocation of insurance acquisition cashflows 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 discount rates, methodology, assumptions and data used to determine the estimated present value of future cash flows. As a result of the above factors, we consider valuation of these assets and liabilities as a key audit matter.	We performed the following procedures in conjunction with our actuarial specialists: - Assessment of the competence, capabilities and objectivity of the management's appointed actuary; - Understanding and evaluating the process, the design and implementation of controls in place to determine valuation of Insurance contract liabilities and Reinsurance contract assets; - 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 cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - Independently reperformed the calculation to assess the mathematical accuracy of the Insurance contract liabilities and Reinsurance Contract Assets on selected classes of business, particularly focusing on largest and most uncertain reserves; - Evaluated and tested the data used in the impairment model calculations receivables for amounts due; and - Evaluated and tested the calculation of the allowance for expected credit loss allowance and the key assumptions and judgments used.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	Planned Response
Impact of Adopting IFRS 17 "Insurance Contracts" and its related disclosures	
The Company adopted IFRS 17 Insurance Contracts with effect from 1 of January 2023, which resulted in changes to the measurement of insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. We determined the disclosure for impact of adopting IFRS 17 to be a key audit matter due to the significant changes introduced by the standard, which includes significant estimates and judgements. These impacts will be of particular importance to the readers of these financial statements. (Refer to Note 3 and Note 4). In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17 Insurance Contracts: - 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: - Assessing whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17; - Using our actuarial specialist team members, evaluated the appropriateness of the methodology used to determine discount rates as at the transition date; - Evaluating the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows; - Evaluating 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.

Other Information

Management and directors are 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 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C. (continued)

Report on the Audit of the Financial Statements (continued)

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021, and UAE 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.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced 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 disclosure 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.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Insurance Company P.J.S.C (continued)

Report on the Audit of the Financial Statements (continued)

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

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

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

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

Report on other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that:

i) We have obtained all the information 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) investments in shares and stocks during the year ended 31 December 2023, are disclosed in notes 6 to these financial statements;

vi) Note 11 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;

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

viii) The Company did not make any social contribution during the year ended 31 December 2023 as disclosed in note 27.

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.

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19 MAR 2024

Union Insurance Company P.J.S.C.

Statement of financial position
As at 31 December 2023

	Notes	31 December 2023 AED'000	31 December 2022 AED'000 *Restated*	1 January 2022 AED'000 *Restated*
Assets				
Property and equipment	5	**64,195**	66,929	70,446
Intangible assets	17	**3,141**	8,723	14,574
Right-of-use-assets	24.1	**3,864**	6,861	637
Unit linked assets	6.3	**403,157**	349,613	368,887
Investment securities	6	**72,288**	76,779	47,888
Statutory deposit	7	**10,000**	10,000	10,000
Reinsurance contract assets	14	**543,266**	627,414	666,186
Insurance contract assets	14	**31,087**	37,482	2,293
Other receivables	16	**42,966**	47,131	45,400
Bank deposits with original maturities of more than three months	8.2	**294,570**	68,888	205,965
Cash and cash equivalents	8.1	**38,285**	205,667	91,881
Total assets		**1,506,819**	1,505,487	1,524,157
Equity and liabilities				
Equity				
Share capital	9	**330,939**	330,939	330,939
Statutory reserve	10.1	**18,020**	18,020	16,187
Special reserve	10.2	**18,020**	18,020	16,187
Fair value reserve	10.3	**163**	166	156
Reinsurance reserve	10.4	**9,525**	7,406	4,885
Accumulated losses		**(171,641)**	(167,043)	(163,362)
Total equity		**205,026**	207,508	204,992
Liabilities				
Provision for employees' end of service benefits	25	**13,954**	14,424	12,873
Insurance contract liabilities	14	**794,855**	849,452	884,789
Reinsurance contract liabilities	14	**19,504**	24,794	422
Other payables	18	**103,196**	78,514	68,275
Unit linked liabilities	13	**370,284**	330,795	352,806
Total liabilities		**1,301,793**	1,297,979	1,319,165
Total equity and liabilities		**1,506,819**	1,505,487	1,524,157

To the best of our knowledge, the financial information present fairly in all material respects the financial condition, results of operation and cash flows of the Company as of, and for the year ended 31 December 2023. These financial statements were approved for issue by the Board of Directors on 19 March 2024 and signed on their behalf by:

Nasser Rashid Abdulaziz Almolla
Chairman

Ramez Abou Zaid
Chief Executive Officer

The accompanying notes from 1 to 36 form an integral part of these financial statements.

Union Insurance Company P.J.S.C.

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

	Notes	2023 AED'000	2022 AED'000 *Restated*
Insurance revenue	19	**633,537**	763,286
Insurance service expenses	20	**(428,480)**	(588,903)
Insurance service result before reinsurance contracts held		**205,057**	174,383
Allocation of reinsurance premiums		**(386,240)**	(459,125)
Amounts recoverable from reinsurance for incurred claims		**182,397**	300,115
Net expenses from reinsurance contracts held		**(203,843)**	(159,010)
Insurance service result		**1,214**	15,373
Interest revenue calculated using the effective interest method		**13,430**	6,149
Net gain on financial assets at FVTPL		**1,254**	(2,116)
Other investment income		**2,529**	1,961
Total investment income	22	**17,213**	5,994
Insurance finance (expenses)/income from insurance contracts issued	21	**(20,895)**	9,863
Reinsurance finance income/(expense) from reinsurance contracts held	21	**23,064**	(13,818)
Net insurance financial result		**2,169**	(3,955)
Net insurance and investment results		**20,596**	17,412
Other operating expenses	23	**(23,075)**	(14,906)
(Loss)/profit for the period		**(2,479)**	2,506
Basic and diluted (loss) / earnings per share	26	**(0.007)**	0.008

The accompanying notes from 1 to 36 form an integral part of these financial statements.

Statement of other comprehensive income
For the year ended 31 December 2023

	2023 AED'000	2022 AED'000 *Restated*
(Loss)/profit for the year	(2,479)	2,506
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Change in fair value of equity investments held at fair value through other comprehensive income	(3)	10
Other comprehensive (loss)/income for the year	(3)	10
Total comprehensive (loss)/income for the year	(2,482)	2,516

The accompanying notes from 1 to 36 form an integral part of these financial statements.

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

	Share capital AED'000	Statutory reserve AED'000	Special reserve AED'000	Reinsurance reserve AED'000	Fair value reserve AED'000	Accumulated losses AED'000	Total AED'000
Balance at 1 January 2022, as previously reported	330,939	16,187	16,187	4,885	156	(132,869)	235,485
Adjustment on initial application of IFRS 17	-	-	-	-	-	(30,493)	(30,493)
Restated balance as at 1 January 2022	330,939	16,187	16,187	4,885	156	(163,362)	204,992
Profit for the year (restated)	-	-	-	-	-	2,506	2,506
Other comprehensive income for the year	-	-	-	-	10	-	10
Total comprehensive income for the year	-	-	-	-	10	2,506	2,516
Transfer to reinsurance reserve	-	-	-	2,521	-	(2,521)	-
Transfer to statutory reserve	-	1,833	-	-	-	(1,833)	-
Transfer to special reserve	-	-	1,833	-	-	(1,833)	-
Balance at 31 December 2022 (Restated)	330,939	18,020	18,020	7,406	166	(167,043)	207,508
Balance at 1 January 2023	**330,939**	**18,020**	**18,020**	**7,406**	**166**	**(120,726)**	**253,825**
Adjustment on initial application of IFRS 17	-	-	-	-	-	**(35,693)**	**(35,693)**
Adjustment on initial application of IFRS 9	-	-	-	-	-	**(10,624)**	**(10,624)**
Restated balance as at 1 January 2023	**330,939**	**18,020**	**18,020**	**7,406**	**166**	**(167,043)**	**207,508**
Loss for the year	-	-	-	-	-	(2,479)	(2,479)
Other comprehensive loss for the year	-	-	-	-	(3)	-	(3)
Total comprehensive loss for the year	-	-	-	-	(3)	(2,479)	(2,482)
Transfer to reinsurance reserve	-	-	-	2,119	-	(2,119)	-
Balance at 31 December 2023	330,939	18,020	18,020	9,525	163	(171,641)	205,026

The accompanying notes from 1 to 36 form an integral part of these financial statements

Union Insurance Company P.J.S.C.

Statement of cash flows
For the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Cash flows from operating activities			
(Loss)/profit for the year		**(2,479)**	2,506
Adjustments for:			
Depreciation and amortisation		**10,251**	11,476
Loss/(gain) on disposal of property and equipment		**1,298**	(1)
Gain on disposal of investments at FVTPL	22	**(833)**	(3,173)
Write-off of CWIP		**673**	2,134
Unrealised (gain)/loss on investments at FVTPL	22	**(421)**	5,289
Interest income	22	**(13,430)**	(6,149)
Dividend income	22	**(3,540)**	(3,018)
Interest on lease liabilities	24.2	**356**	413
Provision for employees' end of service benefits		**2,031**	2,885
Operating cash flows before changes in working capital		**(6,094)**	12,362
Change in:			
Reinsurance contract assets		**84,148**	38,772
Insurance contract assets		**6,395**	(35,189)
Other receivables		**4,165**	(1,731)
Reinsurance contract liabilities		**(5,290)**	24,372
Insurance contract liabilities		**(54,597)**	(35,337)
Other payables		**27,720**	3,416
Unit linked assets		**(53,544)**	19,274
Unit linked liabilities		**39,489**	(22,011)
Cash generated from operating activities		**42,392**	3,928
Employees' end of service indemnity paid	25	**(2,501)**	(1,334)
Net cash generated from operating activities		**39,891**	2,594
Cash flows from investing activities			
Purchase of property and equipment and intangible assets		**(926)**	(1,228)
Proceeds from sale of property and equipment		**17**	3
Purchase of investments held at FVTPL (excluding unit linked assets)	6.4	**(8,942)**	(67,155)
Proceeds from disposal of investments held at FVTPL (excluding unit linked assets)	6.4	**14,684**	36,158
Interest received		**13,430**	6,149
Dividends received		**3,540**	3,018
Maturities of fixed deposits with banks with original maturities greater than three months		**(225,682)**	137,077
Net cash (used in)/generated from investing activities		**(203,879)**	114,022
Cash flows from financing activities			
Payment of lease liabilities	24.2	**(3,394)**	(2,830)
Net cash used in financing activities		**(3,394)**	(2,830)
Net change in cash and cash equivalents		**(167,382)**	113,786
Cash and cash equivalents at the beginning of the year	8.1	**205,667**	91,881
Cash and cash equivalents at the end of the year	8.1	**38,285**	205,667
Noncash transactions			
Rights of use asset		-	9,240
Lease liability		-	(9,240)
Transfer from CWIP to property and equipment and intangible assets		-	1,516
Transfer to property and equipment and intangible assets from CWIP		-	(1,516)

The accompanying notes from 1 to 36 form an integral part of these financial statements

1. General information

Union Insurance Company P.J.S.C. (the "Company") is incorporated as a public shareholding company and operates in the United Arab Emirates ("UAE") under a trade license issued by the Government of Dubai. The Company is registered under the UAE Federal Law No. (32) of 2021, relating to commercial companies. The Company is registered with the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") under registration number 67. The Company's registered corporate office is at Single Business Tower, Sheikh Zayed Road, P.O. Box 119227, Dubai, United Arab Emirates ("UAE"). The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange ("ADX").

The principal activity of the Company is the writing of insurance of all types including life assurance. The Company operates through its Head Office in Dubai and Branch Offices in Abu Dhabi, Dubai, Sharjah, Ajman, and Ras Al Khaimah.

These financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including the 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. The Company is in the process of reviewing the new provisions and will apply the requirements thereof in the required time.

2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that have been measured at revalued amounts, amortised cost or fair value as explained in the accounting policies below.

2.1 Statement of compliance

These 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 Insurance Law issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations.

2.2 Going concern

The validity of the going concern assumptions is dependent upon future operations and ability of the Company to generate sufficient cash flows to meet its future obligations. The Company has sufficient cash balances as of 31 December 2023 and future plans indicate that the Company will be profitable and will generate sufficient cash flows.

The Company's directors are, therefore, confident that the Company will be able to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. Accordingly, these financial statements have been prepared on a going concern.

2. Basis of preparation (continued)

2.3 Accumulated losses

As at 31 December 2023, the Company's accumulated losses represent 51.86% of the share capital of the Company (31 December 2022 (restated): 50.48 %). Article 309 of the Federal Decree Law No. 32 of 2021 requires a Company to conduct a meeting of general assembly in case the accumulated losses exceed 50% of a Company's share capital. Accordingly, the Company conducted a general assembly meeting on 11 January 2024 and passed a resolution for continuity of the Company's operations. Further, as per the requirement of this law, the Company has prepared a business plan and submitted it to Securities and Commodities Authority (SCA) along with the reasons for the accumulated losses. A summary of the accumulated losses and Company's strategy to counter the accumulated losses is provided below:

History of accumulated losses:

- **Provision for real estate properties** – An amount of AED 72.3 million represents a provision made during the year ended 31 December 2021 for investment properties purchased from a former related party who failed to fulfil its obligations, in relation to the said asset. A legal action is underway to recover Company's rights under this transaction.

- **Impairment of freehold land** – A decline in the fair value of the freehold land by AED 22.83 million during the year ended 31 December 2021. Originally the land was recorded at AED 82.04 million. Subsequently, an impairment loss was booked due to the decline in the fair value of the land to AED 59.21 million in the prior years.

- **Doubtful receivables from a former related party** – A provision made amounting to AED 26.20 million during the year ended 31 December 2019. This is related to receivables from a former related party, the Company filed a lawsuit in order to recover the amount, however, the lawsuit was not accepted as it was time barred.

- **Initial adoption of IFRS 17 and IFRS 9** - Accumulated losses increased by AED 35.7 million due to the implementation of IFRS 17, which is effective for annual periods starting on or after 1 January 2023 with a full retrospective application. IFRS 9 adoption resulted in an additional increase of AED 10 million in the accumulated losses due to the change from the impairment model applied under IAS 39 to the expected credit losses required by IFRS 9.

The Company has taken following measures to counter its accumulated losses:

- Focus investments towards bank deposits and other short term investments in order to maintain strong liquidity position.
- Robust credit control measures taken to speed up the recovery process targeted to reduce the expected credit losses recorded by the Company.
- Focus on profitable business segments and discontinuation of Company's life insurance operations which was previously a loss-making portfolio.
- Formation of a board committee specifically responsible to oversee the accumulated losses and ensure execution of the Company's business plan.

2. Basis of preparation (continued)

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

2.4.1 Standards, interpretations and amendments to existing standards that are effective from 1 January 2023

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

The above 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".

Further, the Company also adopted IFRS 9 'Financial Instruments' along with application of IFRS 17. The Company adopted the impairment requirements of IFRS 9, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company recorded an additional impairment allowance on its expected premium and reinsurance receipts in accordance with the expected credit loss model.

Details of the Company's accounting policy information related to Financial Instruments and Insurance Contracts has been added in Note 3.

2. Basis of preparation (continued)

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

2.4.2 Transition impact

The Company has applied the transition provisions in IFRS 9 and effects the of adopting these standards on the financial statements as at 1 January 2022 and 31 December 2022 are presented below:

31 December 2022	As previously reported AED'000	Effect of application of IFRS 17 & IFRS 9 AED'000	As restated AED'000
Assets			
Insurance contract assets	-	37,482	37,482
Reinsurance contract assets	753,776	(126,362)	627,414
Insurance and other receivables	338,607	(338,607)	-
Other receivables	-	47,131	47,131
Liabilities			
Insurance and other payables	259,612	(259,612)	-
Other payables	-	78,514	78,514
Insurance contract liabilities	1,008,371	(158,919)	849,452
Reinsurance contract liabilities	-	24,794	24,794
Equity			
Accumulated losses	(120,726)	(46,317)	(167,043)

1 January 2022	As previously reported AED'000	Effect of application of IFRS 17 & IFRS 9 AED'000	As restated AED'000
Assets			
Insurance contract assets	-	2,293	2,293
Reinsurance contract assets	831,514	(165,328)	666,186
Insurance and other receivables	356,202	(356,202)	-
Other receivables	-	45,400	45,400
Liabilities			
Insurance and other payables	275,500	(275,500)	-
Other payables	-	68,275	68,275
Insurance contract liabilities	1,105,249	(220,460)	884,789
Reinsurance contract liabilities	-	422	422
Equity			
Accumulated losses	(132,869)	(30,493)	(163,362)

2. Basis of preparation (continued)

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

2.4.3 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

3. Material accounting policy information

IFRS 17 Insurance Contracts

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

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

The Company applies the PAA to simplify the measurement of contracts in the non-life segment. 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.

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Recognition

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

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

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

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

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

Level of Aggregation

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

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

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

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

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

Cohorts

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

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

3. Material accounting policy information (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 depends on whether the impact of risk adjustment is greater than the impact of discounting or the impact deferring additional expenses that are currently not deferred.

General Measurement Model ("GMM")

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

Liability for Remaining Coverage ("LRC")

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

Liability for Incurred Claims ("LIC")

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

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (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.

The measurement models have been discussed above are in context of insurance contracts 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 is 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 current methodologies for the long-term business. The key differences are discussed below:

- Under IFRS 17 assets or liabilities will be determined using gross premium calculations as opposed to risk premium calculations. This implies that under IFRS 17 all components of assets or liabilities such as expenses or profits will be computed explicitly. This also implies that expenses or costs that occur only at the start will be deferred implicitly. The impact of this difference cannot be generalised as it depends on whether the implicit margins within risk-premium based calculations are higher or lower than those required in gross-premium based calculations.

- Similar to PAA, GMM and VFA also require an explicit risk adjustment. Risk adjustment is a new requirement, and it does not exist under the current standard. Risk adjustment will increase the liabilities for insurance contracts issued and increases the asset for the reinsurance contracts held.

- IFRS 17 also introduces substantial changes to the pattern in which profits are recognised for long- term contracts it requires that the profits to be recognised in relation to the service provided. The new standard introduces a new measure, 'coverage units', to quantify the services provided in any period. Given that single premium contracts recognise all expected profits at the start of the coverage whereas services are provided throughout that coverage period, it is expected that under IFRS 17 profit recognition for single premium contracts will be delayed and therefore the net liabilities will increase because of this requirement. Similarly, for limited-payment plans, all expected profits are recognised by the end of the payment term and therefore the profits for these will also be relatively delayed in IFRS 17. The impact for regular payment plans will depend on how close the service pattern is to the one currently implied under the plans.

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

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

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.

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 fulfillment cash flows (FCF) whereas at subsequent measurement CSM is computed using the opening CSM balance and various adjustments relating to the period. A portion of CSM is released to Profit & Loss as revenue in every period using coverage units.

Onerous Contracts and Loss Components

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

Transition

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

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

3. Material accounting policy information (continued)

IFRS 17 Insurance Contracts (continued)

Key Accounting Policy Choices

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

Accounting Policy	Company Decision
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 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 apply 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 to 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 is using Modified Retrospective Approach.

Revenue recognition

Insurance revenue and reinsurance expenses – methods and assumptions used in the determination of the contractual service margin (CSM) to be recognised in statement of profit or loss for the insurance contract services provided or received in the year.

For contracts measured under the General Measurement Model (GMM) in which the Company has discretion over the cash flows to be paid to the policyholders, judgement might be involved in the determination of what the Company considers its commitment on initial recognition of such contracts. Further, judgement might be required to distinguish subsequent changes in the fulfilment cash flows (FCF) resulting from changes in the Company's commitment and those resulting from changes in assumptions that relate to the financial risk on that commitment.

Finance income or expenses from insurance contracts issued

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

- Interest accreted on the CSM;
- Interest accreted on the PAA LRC excluding the LC (if adjusted for the financing effect);
- The financing effect on the LC measured under the PAA (if adjusted for the financing effect);
- The effect of changes in FCFs at current rates, when the corresponding CSM unlocking is measured at the locked in rates;
- Any interest charged to or added to insurance / reinsurance asset or liability balances; and
- The effect of changes in interest rates and other financial assumptions.

3. Material accounting policy information (continued)

Finance income or expenses from insurance contracts issued (continued)

For all groups of contracts, the Company disaggregates insurance finance income or expenses for the period between profit or loss and other comprehensive income (that is, the OCI option is applied). The finance income and expenses from insurance contracts issued recognised in the statement of profit or loss reflects the unwind of the liabilities at the locked-in rates. The remaining amount of finance income and expenses from insurance contracts issued for the period is recognised in OCI.

Other revenue recognition

(a) Interest income

Interest income and expense for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision) and are recognised within 'interest income' in the statement of profit or loss.

(b) Dividend income

Dividend income from investments is recognised in the statement of profit or loss when the Company's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

(c) Reinsurance commission earned

Commissions earned are recognised fully at the time the related insurance contracts are written.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the statement of profit or loss. Foreign exchange gains and losses are presented in the statement of profit or loss, within "Administrative expenses".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in statement of other comprehensive income.

3. Material accounting policy information (continued)

Segment reporting

For management purposes, the Company is organised into two business segments based on their products and services and has two business segments as follows:

(a) The general insurance segment comprises of property, fire, marine, motor, medical, general accident and miscellaneous risks.
(b) The life assurance segment offers short term and long term life insurance. Revenue from this segment is derived primarily from insurance premium, fees and commission income, investment income and fair value gains and losses on investments.

No operating segments have been aggregated to form the above reportable operating segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. No inter-segment transactions occurred during the year ended 31 December 2023 and 2022. If any transaction were to occur, transfer prices between operating segments would be set on an arm's length basis in a manner similar to transactions with third parties.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The two operating segments i.e. General Insurance and Life Insurance segments, oraganised under two Presidents who report into the Chief Executive Officer. The Board and its various committees have oversight on the overall operations of the company.

Property and equipment

Property and equipment comprises of freehold land, furniture and fixture, office equipment, motor vehicles, computer equipment and capital work in progress.

Property and equipment is carried at historical cost, less accumulated depreciation any recognised impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. These assets are classified to the appropriate categories of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

Freehold land is not depreciated.

Capital work in progress is stated at the lower of cost or net realisable value. The cost includes the cost of construction and other related expenditure which are capitalised as and when activities that are necessary to get the assets ready for use are in progress. Net realisable value represents the estimated recoverable value based on expected future usage. Management reviews the carrying values of the capital work in progress on an annual basis.

Capital work in progress are considered to be completed when all related activities, for the entire assets have been completed. Upon completion, those are transferred to property and equipment.

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

3. Material accounting policy information (continued)

Property and equipment (continued)

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.

Depreciation is recognised so as to write off the cost of assets, other than capital work in progress, 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.

The useful life considered in calculation of depreciation for all the assets is as follows:

- Office equipment & computer equipment - 5 years
- Motor vehicles - 4 years
- Furniture and fixtures - 12 years

Intangible assets

Intangible assets including software and license fee for access to know how.

(a) Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads.

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 5 years.

(b) License know how

Licenses know how is shown at historical cost. It has a definite useful life and is carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost license over their estimated useful lives i.e. 5 years.

3. Material accounting policy information (continued)

Leases

The Company leases office premises. Rental contract of the leases range from 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement does not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability within "Insurance and other payables" at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For buildings, the following factors are normally the most relevant.
- if there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate); and
- otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Termination option is included in the property lease of the Company. This option held is exercisable by the Company and the lessor. Payments associated with short-term leases of premises are recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

3. Material accounting policy information (continued)

Dividend distribution

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

Financial instruments

(a) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or statement of other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

All "regular way" purchases and sales of financial assets are recognised on the "trade date", i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Net investment income/ (loss)' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income/(loss)' in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the income statement and is presented net within 'Net investment income' in the period in which it arises.

3. Material accounting policy information (continued)

Financial instruments (continued)

(iii) Measurement (continued)

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is calculated using the effective interest rate method. Foreign exchange gains and losses are presented in 'Net investment income'.

Equity investments

The Company subsequently measures all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI. The Company's policy is to designate equity investments at FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as "Net investment income / (loss)" when the Company's right to receive payments is established.

The unit-linked assets include investments held on behalf of policyholders of unit linked products, financial assets from reinsurer towards policyholders of unit linked products contracts and cash held on behalf of policyholders. Investments held on behalf of policyholders of unit linked products and financial assets from reinsurer towards policyholders of unit linked products contracts are accrued to the account of the contract holder at the fair value of the net gains arising from the underlying linked assets. All these contracts are designated as at fair value through profit or loss and were designated in this category upon initial recognition. Cash held on behalf of policyholders are designated as amortised cost investment designated in this category upon initial recognition.

Impairment and uncollectibility of financial assets

The Company assesses the collectability of its financial assets based on its credit policy and default events. Refer to (b) below for impairment of insurance and other receivables.

(b) Insurance and other receivables

Impairment of financial assets

The Company applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the three stages based on the change in credit quality since initial recognition.

Overview

The Company is recording the allowance for expected credit losses for debt financial assets not held at FVTPL. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

3. Material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Overview (continued)

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorizes its FVOCI assets into stages as described below:

Stage 1: When financial instruments are first recognised, the Company recognises an allowance based on 12 month ECLs. Stage 1 also include financial instruments where the credit risk has improved and the has been reclassified from Stage 2.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. Stage 2 also include instruments, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and treated, along with the interests calculated. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition. Purchased or originated credit impaired assets are financial assets that are credit impaired on initial recognition and are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset. The accounts which are restructured due to credit reasons in past 12 months will be classified under stage 2.

The calculation of ECLs

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.
- The Exposure at Default ("EAD ") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. The mechanics of the ECL method are summarised below:

Stage 1: The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

3. Material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The calculation of ECLs (continued)

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial asset considered credit-impaired, the Company recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in other comprehensive income as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in other comprehensive income is recycled to the profit or loss upon derecognition of the assets.

Forward looking information

The Company, for forward looking information, relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil prices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

(c) Financial liabilities

The Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Company opted to measure a liability at FVTPL.

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

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

3. Material accounting policy information (continued)

Financial instruments (continued)

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(d) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value less overdrafts with banks. Bank overdrafts are shown within liabilities in the statement of financial position.

(e) Bank deposits with banks with original maturities of more than three months

Deposits held with banks with original maturities of more than three months are initially measured at fair value and subsequently measured at amortised cost.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses are recognised in the statement of profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

3. Material accounting policy information (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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.

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees in accordance with the UAE Labor Law.

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

Defined contribution plan for UAE national employees

The Company is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to pension and Social Security Law. 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.

An accrual has been made for the past contributions relating to the services rendered by the eligible UAE National employees up to 31 December 2023. The Company has no further payment obligations once the contributions have been paid.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3. Material accounting policy information (continued)

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:
  (i) Has control or joint control over the Company;
  (ii) Has significant influence over the Company; or
  (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:
  (i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
  (iii) Both entities are joint ventures of the same third party.
  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  (vi) The entity is controlled or jointly controlled by a person identified in (a);
  (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Share capital

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

4. Critical accounting judgements and key sources of estimation of uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The sensitivities for life insurance contracts are disclosed in note 28.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

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

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

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

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

Estimates of future cash flows to fulfill insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17, are all future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows which includes the expected premium receipts and ultimate cost of claims.

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

The main assumption underlying these techniques is that a 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. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences 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. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Assessment of significance of insurance risk

The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

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

Risk adjustment

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

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

Onerous groups

The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Discounting

The Company adjusts the carrying amount of the insurance contracts liabilities and reinsurance contracts assets 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 contracts.

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

	1 year		**3 years**		**5 years**		**10 years**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Discount rate used	**6.810%**	4.541%	**6.720%**	4.744%	**6.042%**	4.540%	**5.847%**	4.288%

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free curve itself will either be derived by the Company from risk free assets in the market, or the Company may choose to apply a published risk-free yield curve. The top-down approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield on the underlying items to which the liability cashflows are linked.

5. Property and equipment

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Operating assets (Note 5.1)	64,018	66,322
Capital work-in-progress (CWIP) (Note 5.2)	177	607
Property and equipment	**64,195**	66,929

5.1 Operating assets

	Freehold land AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Motor vehicles AED'000	Computer equipment AED'000	Total AED'000
Cost						
1 January 2023	61,067	16,965	2,930	865	10,244	92,071
Additions	-	-	3	-	319	322
Disposal	-	(4,060)	(32)	(71)	-	(4,163)
31 December 2023	61,067	12,905	2,901	794	10,563	88,230
Accumulated depreciation						
1 January 2023	-	12,690	2,724	828	9,507	25,749
Charge for the year	-	927	70	12	302	1,311
Relating to disposal	-	(2,763)	(14)	(71)	-	(2,848)
31 December 2023	-	10,854	2,780	769	9,809	24,212
Carrying amount						
31 December 2023	61,067	2,051	121	25	754	64,018

*The Board of Directors of the Company has passed a resolution in prior years to construct the Company's head-office on the freehold land. The freehold land is carried at cost.

5. Property and equipment (continued)

5.1 Operating assets (continued)

	Freehold land AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Motor vehicles AED'000	Computer equipment AED'000	Total AED'000
Cost						
1 January 2022	61,067	16,953	2,806	822	9,881	91,529
Transfer from CWIP	-	12	124	43	366	545
Disposal	-	-	-	-	(3)	(3)
31 December 2022	61,067	16,965	2,930	865	10,244	92,071
Accumulated depreciation						
1 January 2022	-	11,679	2,629	701	9,189	24,198
Charge for the year	-	1,011	95	127	319	1,552
Relating to disposal	-	-	-	-	(1)	(1)
31 December 2022	-	12,690	2,724	828	9,507	25,749
Carrying amount						
31 December 2022	61,067	4,275	206	37	737	66,322

5.2 Capital work in progress (CWIP)

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
At 1 January	**607**	**3,115**
Additions	**243**	**1,142**
Write-offs during the year	**(673)**	**(2,134)**
Transfers to property and equipment and intangible assets during the year	**-**	**(1,516)**
At 31 December	**177**	**607**

6. Investment securities and unit linked assets

Investment securities comprises the following:

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Financial assets at fair value through profit or loss (6.1)	72,264	76,752
Financial assets at fair value through other comprehensive income (6.2)	24	27
	72,288	76,779
Unit linked assets (6.3)	403,157	349,613

6.1 Financial assets at fair value through profit or loss

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Quoted equity securities in U.A.E.	64,076	61,953
Quoted equity securities outside U.A.E.	598	464
Quoted bonds in U.A.E.	6,106	11,971
Unquoted equity securities outside U.A.E.	134	327
Unquoted equity securities in U.A.E.	1,350	2,037
Fair value at the end of the year	72,264	76,752

Investments classified at fair value through profit or loss are designated in this category upon initial recognition.

The bonds carry interests at the rates of 3.62% to 5.87% (31 December 2022: 2.09% to 5.87%) per annum. The bonds are redeemable at par from 2024 to 2026 (31 December 2022: 2023 to 2026) based on their maturity dates. There are no significant concentrations of credit risk to a single counter party for debt instruments and the carrying amount reflected above represents the Company's maximum exposure to credit risk for such assets.

6.2 Investments at fair value through other comprehensive income

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Quoted equity securities in U.A.E.	24	27
	24	27

Investments classified at fair value through other comprehensive income are designated in this category upon initial recognition.

During the year ended 31 December 2023, the Company did not dispose any equity investments held at fair value through other comprehensive income (31 December 2022: nil) in line with the Company's investment strategy.

6. Investment securities and unit linked assets (continued)

6.3 Unit linked assets

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Investments held on behalf of policyholders of unit linked products carried at FVTPL	**235,692**	215,180
Financial assets due from reinsurer towards policyholders of unit-linked products carried at FVTPL	**153,589**	122,490
Cash held on behalf of policyholders of unit linked products carried at amortised cost	**13,876**	11,943
	403,157	349,613

6.4 Movement in the financial investments

	FVTPL AED'000	FVTOCI AED'000	Total AED'000
At 1 January 2022	47,871	17	47,888
Purchases	67,165	-	67,165
Disposals	(36,168)	-	(36,168)
Changes in fair value	(5,289)	10	(5,279)
Realised gain	3,173	-	3,173
As at 31 December 2022	76,752	27	76,779
Purchases	**8,939**	**-**	**8,939**
Disposals	**(14,681)**	**-**	**(14,681)**
Changes in fair value	**421**	**(3)**	**418**
Realised gain	**833**	**-**	**833**
As at 31 December 2023	**72,264**	**24**	**72,288**

7. Statutory deposit

The statutory deposit of AED 10 million (31 December 2022: AED 10 million) is required to be placed by insurance companies operating in the U.A.E. with the designated national banks. This deposit has been pledged to the bank as security against a guarantee issued by the bank in favour of the CBUAE for the same amount.

Statutory deposits, which depend on the nature of insurance activities, cannot be withdrawn except with the prior approval of the CBUAE in accordance with Article 42 of Federal Law No. 6 of 2007 (now, UAE Federal Law No. 48 of 2023) and bear interest rate of 4.75% per annum (31 December 2022: 1.5% per annum).

8. Cash and bank balances

8.1 Cash and cash equivalents

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Cash on hand	**35**	50
Bank balances:		
Current accounts with banks	**38,250**	30,789
Bank deposits with original maturities of three months or less	**-**	174,828
Cash and cash equivalents for the purpose of the statement of cash flows	**38,285**	205,667
In U.A.E.	**38,285**	203,593
Outside U.A.E	**-**	2,074
	38,285	205,667

Bank deposits with original maturities of three months or less as at 31 December 2023 carried interest rate ranging of Nil per annum (2022: between 4.05% to 5%).

8. Cash and bank balances (continued)

8.2 Bank deposits with original maturities of more than three months

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Deposits with original maturities greater than three months	**294,570**	68,888
In U.A.E.	**294,219**	45,210
Outside U.A.E.	**351**	23,678
	294,570	68,888

Bank deposits carried interest rates ranging from 2.5% to 5.75% per annum (31 December 2022: 1.5% to 8% per annum).

Bank deposits of AED 45 million (31 December 2022: AED 45 million) have been pledged as security against the credit facility which is to manage the liquidity position.

The Company has obtained overdrafts facilities from commercial banks in the UAE amounting to AED 25 million (31 December 2022: AED 25 million) which carry interest rate of 1% per annum above the highest interest rate payable on fixed deposits under lien for the overdraft facility; or as varied by notice in writing received from the bank from time to time. Unused credit facilities amounted to AED 25 million (31 December 2022: AED 25 million).

9. Share capital

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Issued and fully paid 330,939,180 shares of AED 1 each (31 December 2022: 330,939,180 share of AED 1 each)	**330,939**	330,939

10. Reserves

10.1 Statutory reserve

In accordance with the Federal Law No. 48 of 2023 and the Company's Article of Association, the Company has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. The Company transfers 10% of the profits for each year to the statutory reserve. The Company transferred AED nil during the year ended 31 December 2023 (2022: AED 1,833 thousand). The reserve is not available for distribution except in the circumstances stipulated by the law.

10.2 Special reserve

In accordance with the Company's Articles of Association, the Board of Directors may transfer 10% of annual net profits, if any, to a special reserve until an Ordinary General Meeting upon a proposal suspends it. The special reserve can be utilised for the purposes determined by the Ordinary General Meeting upon recommendations of the Board of Directors. The Company transferred AED nil during the year ended 31 December 2023 (2022: AED 1,833 thousand).

10.3 Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of financial assets designated as fair value through other comprehensive income.

10. Reserves (continued)

10.4 Reinsurance reserve

In accordance with Article 34 of the UAE Central Board of Directors Decision No. (23) of 2019, the Company has transferred AED 2,119 thousand from 'Accumulated losses' to the 'Reinsurance reserve' being 0.5% of the total insurance premium ceded to reinsurers during the year ended 31 December 2023 (year ended 31 December 2022: AED 2,521 thousand). The Company shall accumulate such provision year on year and shall not dispose of the reserve without the written approval of the assistant governor of the banking and insurance supervision department within the CBUAE.

11. Related party balances and transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24. 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. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At the end of the reporting year, amounts due from/(to) related parties which are included in the respective account balances are detailed below:

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Balances with entities related to Board members		
Gross outstanding claims (included in insurance contract liabilities)	**468**	468
Fixed deposits	**45,408**	45,256
Bank account	**6,105**	3,537
Balances with former major shareholder		
Insurance premium receivable (included in insurance contract assets)	**26,603**	26,603
Provision for expected credit losses	**(26,360)**	(26,360)
Net	**243**	243
Investment properties reclassified to "Advance paid for purchase of real estate properties"	**72,270**	72,270
Reversal of net fair value gains recorded in prior years	**(35,770)**	(35,770)
Advance paid for purchase of real estate properties*	**36,500**	36,500
Provision on advance paid for purchase of real estate properties	**(36,500)**	(36,500)
	-	-

The amounts outstanding are unsecured, interest free and repayable on demand. No guarantees have been given to the related parties.

* The amount under the advance paid for real estate properties (AED 36.5 million) was represented as Investment Properties with a carrying value in the books of AED 72.3 million in the audited financial statements for the year ended 31 December 2020. The said asset represents purchased assets from related parties during the years 2013 and 2014. The purchased assets comprise a 60 residential unit in a single building and a plot of land of 150,000 square feet with integrated infrastructure. For one of the assets, the agreement was entered in 2013 to purchase 150,000 square feet of the land, which was reduced to 56,800 square feet and later amended to 78,900 square feet based on the instruction received from the former Chairman who was also the representative of the related party.

11. Related party balances and transactions (continued)

Balances with former major shareholder (continued)

The counterparties (related parties) to the above transactions never fulfilled their obligations to the Company (the Buyer), and as a result the Company did not obtain the title deeds nor obtain possession of the said assets. This has resulted in the incorrect recognition of fair value gains of AED 35.8 million on investment properties in respect of which the Company never obtained possession or legal title, and the misappropriation of advances amounting to AED 36.5 million paid to a related party towards the acquisition of the investment properties. Accordingly, the Board of Directors of the Company decided to book a full provision (AED 72.3 million) against the said assets and proceed with legal action against all involved parties, to recover the Company's rights, in accordance with the resolution of Shareholders Assembly Meeting held on 30 September 2021.

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

	For the year ended 31 December	
	2023	2022
	AED'000	AED'000
Transactions with entities related to Board members		
Insurance contracts issued (included in insurance revenue)	**349**	1,201
Claims paid (included in insurance service expenses)	**(206)**	(1,829)
FD interest income from Bank of Umm Al-Quwain	**1,524**	439
Bank charges	**100**	108
Rental paid	**825**	825
Allocation of reinsurance premium	**298**	373
Compensation of key management personnel		
Short-term benefits (included in insurance service expenses)	**2,300**	2,400
Long-term benefits (included in insurance service expenses)	**183**	200
Board of Directors' fees	**1,350**	1,655

12. Contingent liabilities

	As at 31 December 2023	As at 31 December 2022
	AED'000	AED'000
Letters of guarantee*	**11,448**	13,186

*Includes AED 10 million (31 December 2022: AED 10 million) issued in favor of the CBUAE (Note 7).

The Company, in common with the majority of insurers, is subject to litigation in the normal course of its business. Based on independent legal advice, the Company considers that the outcome of the outstanding court cases will not have a material impact on the Company's financial statements.

13. Unit linked liabilities

The Company issues unit linked policies which have both insurance risk and investment components. The investment portion is invested on behalf of the policyholders as disclosed in note 6.3 to these financial statements.

13. Unit linked liabilities (continued)

Movement during the year:

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Payables to policyholders' of unit-linked products	**403,157**	349,613
Payables classified under insurance contract liabilities*	**(32,873)**	(18,818)
	370,284	330,795

*Under IFRS 17, the liabilities for unit linked policies with significant insurance risk are included within the calculation of the insurance contract liabilities amounting to AED 32,873 thousand (31 December 2022: 18,818 thousand).

14. Insurance and reinsurance contract assets

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'000	**Liabilities AED'000**	**Net AED'000**	Assets AED'000	Liabilities AED'000	Net AED'000
Insurance contracts issued						
Life	**(1,038)**	**197,490**	**196,452**	(4)	201,352	201,348
General	**(30,049)**	**597,365**	**567,316**	(37,478)	648,100	610,622
Total insurance contracts issued	**(31,087)**	**794,855**	**763,768**	(37,482)	849,452	811,970
Reinsurance contracts held						
Life	**(132,125)**	**1,776**	**(130,349)**	(153,598)	479	(153,119)
General	**(411,141)**	**17,728**	**(393,413)**	(473,816)	24,315	(449,501)
Total reinsurance contracts held	**(543,266)**	**19,504**	**(523,762)**	(627,414)	24,794	(602,620)

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 next page.

14. Insurance and reinsurance contract assets (continued)

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

Contracts measured under the PAA:

	Liabilities for remaining coverage		Liabilities for incurred claims		
31 December 2023	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Insurance Contract Liabilities as at 1 January	**59,965**	**2,068**	**623,349**	**26,007**	**711,389**
Insurance Contract Assets as at 1 January	**105,513**	**-**	**(67,273)**	**(758)**	**37,482**
Net Insurance contract liabilities as at 1 January 2023	**(45,547)**	**2,068**	**690,622**	**26,765**	**673,908**
Insurance revenue	**(603,121)**	**-**	**-**	**-**	**(603,121)**
Insurance service expenses					
Incurred claims and other expenses	**-**	**-**	**453,047**	**-**	**453,047**
Amortisation of insurance acquisition cash flows	**57,859**	**-**	**-**	**-**	**57,859**
Losses on onerous contracts and reversals	**-**	**(569)**	**-**	**-**	**(569)**
Changes to liabilities for incurred claims	**-**	**-**	**(95,849)**	**(4,452)**	**(100,301)**
Insurance service result	**(545,262)**	**(569)**	**357,198**	**(4,452)**	**(193,085)**
Insurance finance expenses	**-**	**-**	**24,939**	**(43)**	**24,896**
Total changes in the statement of comprehensive income	**(545,262)**	**(569)**	**382,137**	**(4,495)**	**(168,189)**
Cash flows					
Premiums received	**633,947**	**-**	**-**	**-**	**633,947**
Claims and other expenses paid	**-**	**-**	**(453,047)**	**-**	**(453,047)**
Insurance acquisition cash flows	**(65,809)**	**-**	**-**	**-**	**(65,809)**
Total cash flows	**568,138**	**-**	**(453,047)**	**-**	**115,091**
Insurance Contract liabilities as at 31 December	**93,788**	**1,399**	**535,039**	**21,670**	**651,896**
Insurance Contract assets as at 31 December	**(116,461)**	**101**	**84,673**	**600**	**(31,087)**
Net insurance contract liabilities as at 31 December 2023	**(22,671)**	**1,499**	**619,712**	**22,270**	**620,810**
31 December 2022 *(restated)*					
Insurance Contract Liabilities as at 1 January	(11,519)	3,843	742,611	29,315	764,250
Insurance Contract Assets as at 1 January	43,924	-	(41,096)	(535)	2,293
Insurance contract liabilities as at 1 January 2022	(55,444)	3,843	783,708	29,851	761,958
Insurance revenue	(724,459)	-	-	-	(724,459)
Insurance service expenses					-
Incurred claims and other expenses	-	-	559,239	-	559,239
Amortisation of insurance acquisition cash flows	81,683	-	-	-	81,683
Losses on onerous contracts and reversals	-	(1,774)	-	-	(1,774)
Changes to liabilities for incurred claims	-	-	(86,420)	(2,640)	(89,060)
Insurance service result	(642,776)	(1,774)	472,819	(2,640)	(174,371)
Insurance finance expenses	-	-	(6,666)	(446)	(7,112)
Total changes in the statement of comprehensive income	(642,776)	(1,774)	466,153	(3,086)	(181,483)
Cash flows					
Premiums received	735,846	-	-	-	735,846
Claims and other expenses paid	-	-	(559,239)	-	(559,239)
Insurance acquisition cash flows	(83,175)	-	-	-	(83,175)
Total cash flows	652,671	-	(559,239)	-	93,432
Insurance contract liabilities as at 31 December	59,965	2,069	623,349	26,007	711,390
Insurance contract assets as at 31 December	(105,514)	-	67,273	758	(37,483)
Net insurance contract liabilities as at 31 December 2022	(45,549)	2,069	690,622	26,765	673,907

14. Insurance and reinsurance contract assets (continued)

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

Analysis by measurement component – Contracts not measured under the PAA:

31 December 2023	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
Insurance contract liabilities as at 1 January 2023	64,772	18,033	55,256	138,061
Changes that relate to current services				
CSM recognised for services provided	-	-	(1,452)	(1,452)
Change in risk adjustment for non-financial risk for risk expired	-	(1,652)	-	(1,652)
Experience adjustments	(12,057)	-	-	(12,057)
Changes that relate to future services				
Contracts initially recognised in the year	(3,058)	1,718	2,486	1,146
Changes in estimates that adjust the CSM	49,177	(3,106)	(46,070)	(1)
Changes in estimates that result in losses and reversals of losses on onerous contracts	5,025	(1,456)	-	3,569
Changes that relate to past services				
Adjustments to liabilities for incurred claims	(1,527)	-	-	(1,527)
Insurance service result	37,560	(4,496)	(45,036)	(11,972)
Net finance expenses from insurance contracts	2,751	592	2,004	5,347
Total changes in the statement of profit or loss and OCI	40,311	(3,904)	(43,032)	(6,625)
Cash flows				
Premiums received	31,386	-	-	31,386
Claims and other directly attributable expenses paid	(18,639)	-	-	(18,639)
Insurance acquisition cash flows paid	(1,225)	-	-	(1,225)
Total cash flows	11,522	-	-	11,522
Net insurance contract liabilities as at 31 December 2023	116,605	14,129	12,225	142,959

14. Insurance and reinsurance contract assets (continued)

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

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

31 December 2022 (restated)	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
Insurance contract liabilities as at 1 January	105,306	14,497	735	120,538
Changes that relate to current services				-
CSM recognised for services provided	-	-	(5,595)	(5,595)
Change in risk adjustment for non-financial	-	(2,063)	-	(2,063)
Experience adjustments	(4,690)	-	-	(4,690)
Changes that relate to future services				
Contracts initially recognised in the year	(30,519)	9,454	28,331	7,266
Changes in estimates that adjust the CSM	(26,862)	(3,501)	30,363	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(584)	(510)	-	(1,094)
Changes that relate to past services				
Adjustments to liabilities for incurred claims	6,164	-	-	6,164
Insurance service result	(56,491)	3,380	53,099	(12)
Net finance expenses from insurance contracts	(14,563)	157	1,422	(12,984)
Total changes in the statement of profit or loss	(71,054)	3,537	54,521	(12,996)
Cash flows				
Premiums received	59,946	-	-	59,946
Claims and other directly attributable expenses paid	(29,326)	-	-	(29,326)
Insurance acquisition cash flows paid	(99)	-	-	(99)
Total cash flows	30,521	-	-	30,521
Net insurance contract liabilities as at 31 December 2022	64,773	18,034	55,256	138,063

14. Insurance and reinsurance contract assets (continued)

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

Contracts measured under the PAA:

	Assets for remaining coverage		Amounts recoverable on incurred claims		
31 December 2023	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	Total AED'000
Reinsurance contract assets as at 1 January 2023	7,605	1,099	499,083	22,957	530,744
Reinsurance contract liabilities as at 1 January 2023	57,180	-	(32,508)	(358)	24,314
Net reinsurance contract liabilities / (assets) as at 1 January 2023	(49,575)	1,099	531,591	23,315	506,430
An allocation of reinsurance premiums	(297,102)	(1,099)	-	-	(298,201)
Amounts recoverable from reinsurers for incurred					
Amounts recoverable for incurred claims and other expenses	-	-	210,281	-	210,281
Loss-recovery on onerous underlying contracts and adjustments	-	411	-	-	411
Changes to amounts recoverable for incurred claims	-	-	(104,217)	(4,482)	(108,699)
Net income or expense from reinsurance	(297,102)	(688)	106,064	(4,482)	(196,208)
Reinsurance finance income	-	-	27,174	(34)	27,140
Total changes in the statement of comprehensive income	(297,102)	(688)	133,238	(4,516)	(169,068)
Cash flows					
Premiums paid	311,388	-	-	-	311,388
Amounts received	-	-	(210,281)	-	(210,281)
Total cash flows	311,388	-	(210,281)	-	101,107
Reinsurance contract assets as at 31 December 2023	(18,524)	(411)	(419,438)	(18,534)	(456,907)
Reinsurance contract liabilities as at 31 December 2023	53,813	-	(35,110)	(264)	18,439
Net reinsurance contract liabilities/(assets) as at 31 December 2023	35,289	(411)	(454,548)	(18,798)	(438,468)

14. Insurance and reinsurance contract assets (continued)

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

Contracts measured under the PAA (continued):

	Assets for remaining coverage		Amounts recoverable on incurred claims		
31 December 2022 (Restated)	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	Total AED'000
Reinsurance contract assets as at 1 January 2022	(57,158)	2,484	610,925	25,803	582,054
Reinsurance contract liabilities as at 1 January 2022	15,802	-	(14,685)	(696)	421
Net reinsurance contract liabilities / (assets) as at January 2022	(72,960)	2,484	625,610	26,499	581,633
An allocation of reinsurance premiums	(361,523)	(2,484)	-	-	(364,007)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other	-	-	278,317	-	278,317
Loss-recovery on onerous underlying contracts and	-	1,099	-	-	1,099
Changes to amounts recoverable for incurred claims	-	-	(83,440)	(2,584)	(86,024)
Net income or expense from reinsurance contracts held	(361,523)	(1,385)	194,877	(2,584)	(170,615)
Reinsurance finance income	-	-	(10,579)	(599)	(11,178)
Total changes in the statement of comprehensive income	(361,523)	(1,385)	184,298	(3,183)	(181,793)
Cash flows					
Premiums paid	384,909	-	-	-	384,909
Amounts received	-	-	(278,317)	-	(278,317)
Total cash flows	384,909	-	(278,317)	-	106,592
Reinsurance contract assets as at 31 December 2022	7,605	1,099	499,083	22,957	530,744
Reinsurance contract liabilities as at 31 December 2022	57,180	-	(32,508)	(358)	24,314
Net reinsurance contract liabilities / (assets) as at 31 December 2022	(49,575)	1,099	531,591	23,315	506,430

14. Insurance and reinsurance contract assets (continued)

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

Analysis by measurement component – Contracts not measured under the PAA:

31 December 2023	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM – Contracts under modified retrospective transition approach AED'000	Total AED'000
Reinsurance contract assets as at 1 January 2023	47,245	8,136	41,289	96,670
Reinsurance contract liabilities as at 1 January 2023	174	(420)	726	480
Net reinsurance contract assets	47,071	8,556	40,563	96,190
Changes that relate to current services				
CSM recognised for services provided	-	-	(436)	(436)
Change in risk adjustment for non-financial risk for	-	(928)	-	(928)
Experience adjustments	(7,133)	-	-	(7,133)
Changes that relate to future services				
Contracts initially recognised in the year	(2,708)	307	2,821	420
Changes in estimates that adjust the CSM	47,320	(4,200)	(43,121)	(1)
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	1,685	140	-	1,825
Changes that relate to past services				
Adjustments to assets for incurred claims	(1,382)	-	-	(1,382)
Net expenses from reinsurance contracts	37,782	(4,681)	(40,736)	(7,635)
Net finance income from reinsurance contracts	(6,447)	465	1,907	(4,075)
Total changes in the statement of profit or loss and OCI	31,335	(4,216)	(38,829)	(11,710)
Cash flows				
Premiums received	10,122	-	-	10,122
Claims and other directly attributable expenses paid	(9,311)	-	-	(9,311)
Total cash flows	811	-	-	811
Reinsurance contract assets as at 30 December	(78,219)	(3,695)	(4,445)	(86,359)
Reinsurance contract liabilities as at 30 December	(1,000)	(647)	2,712	1,065
Net reinsurance contract assets as at 31 December 2023	(79,217)	(4,340)	(1,734)	(85,291)

14. Insurance and reinsurance contract assets (continued)

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

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

31 December 2022	Estimates of present value of future cash flows AED'000	Risk adjustment for non-financial risk AED'000	CSM Contracts under modified retrospective transition approach AED'000	Total AED'000
Net reinsurance contract assets as at 1 January 2022	78,033	8,218	(2,120)	84,131
Changes that relate to current services				
CSM recognised for services provided	-	-	(4,001)	(4,001)
Change in risk adjustment for non-financial risk for	-	(899)	-	(899)
Experience adjustments	3,028	-	-	3,028
Changes that relate to future services	-	-	-	-
Contracts initially recognised in the year	(24,504)	2,725	27,083	5,304
Changes in estimates that adjust the CSM	(17,122)	(1,110)	18,232	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	1,995	(501)	-	1,494
Adjustments to assets for incurred claims	6,679	-	-	6,679
Net expenses from reinsurance contracts	(29,924)	215	41,314	11,605
Net finance income from reinsurance contracts	(4,132)	123	1,369	(2,640)
Total changes in the statement of profit or loss and OCI	(34,056)	338	42,683	8,965
Cash flows				
Premiums received	22,137	-	-	22,137
Claims and other directly attributable expenses paid	(19,043)	-	-	(19,043)
Total cash flows	3,094	-	-	3,094
Reinsurance contract assets as at 31 December	(47,245)	(8,136)	(41,289)	(96,670)
Reinsurance contract liabilities as at 31 December	174	(420)	726	480
Net reinsurance contract assets as at 31 December 2022	(47,071)	(8,556)	40,563	(96,190)

14. Insurance and reinsurance contract assets (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	2 year	3 year	4 year	5 year	>6 year	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
31 December 2023							
Total CSM for insurance contracts issued	**941**	**885**	**790**	**718**	**669**	**8,222**	**12,225**
Total CSM for reinsurance contracts held	**(67)**	**(75)**	**(70)**	**(83)**	**(105)**	**(1,334)**	**(1,734)**
	874	**810**	**720**	**635**	**564**	**6,888**	**10,491**
31 December 2022 (restated)							
Total CSM for insurance contracts issued	5,742	5,282	4,871	4,433	4,018	30,910	55,256
Total CSM for reinsurance contracts held	(4,644)	(4,271)	(3,944)	(3,589)	(3,256)	(20,859)	(40,563)
	1,098	1,011	927	844	762	10,051	14,693

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

31 December 2023	PAA	Non-PAA	Total
	AED'000	AED'000	AED'000
Insurance contract assets	**(31,087)**	**-**	**(31,087)**
Insurance contract liabilities	**651,896**	**142,959**	**794,855**
Reinsurance contract assets	**(456,908)**	**(86,358)**	**(543,266)**
Reinsurance contract liabilities	**18,438**	**1,066**	**19,504**
	182,339	**57,667**	**240,006**
31 December 2022 (restated)			
Insurance contract assets	(8,070)	(29,412)	(37,482)
Insurance contract liabilities	685,088	164,364	849,452
Reinsurance contract assets	(527,229)	(100,185)	(627,414)
Reinsurance contract liabilities	17,688	7,106	24,794
	167,477	41,873	209,350

14. Insurance and reinsurance contract assets (continued)

Development claim tables

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 total claims reported unsettled and claims incurred but not reported 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.

Gross incurred claims

Accident year	**2018 and prior AED'000**	**2019 AED'000**	**2020 AED'000**	**2021 AED'000**	**2022 AED'000**	**2023 AED'000**	**Total AED'000**
At the end of each reporting year	2,273,569	453,022	432,109	738,020	456,657	386,070	386,070
One year later	2,348,816	404,673	392,433	663,612	417,592	-	417,592
Two years later	2,297,914	391,182	377,942	628,952	-	-	628,952
Three years later	2,277,446	384,583	372,296	-	-	-	372,296
Four years later	2,286,035	379,582	-	-	-	-	379,582
Five years later	2,250,963	-	-	-	-	-	2,250,963
Estimate of gross cumulative claims	**2,250,963**	**379,582**	**372,296**	**628,952**	**417,592**	**386,070**	**4,435,455**
Cumulative payments to date	(2,223,252)	(370,028)	(342,349)	(465,133)	(313,015)	(217,938)	(3,931,715)
Total gross undiscounted liabilities for incurred claims	**27,711**	**9,554**	**29,947**	**163,819**	**104,577**	**168,132**	**503,740**
Effect of discounting							(21,305)
Effect of risk adjustment							22,270
Others*							137,277
Total gross discounted liabilities for incurred claims							**641,982**

* Others includes gross unallocated loss adjustment expenses reserve and insurance claims payable.

14. Insurance and reinsurance contract assets (continued)

Development claim tables (continued)

Net incurred claims

Accident year	**2018 and prior AED'000**	**2019 AED'000**	**2020 AED'000**	**2021 AED'000**	**2022 AED'000**	**2023 AED'000**	**Total AED'000**
At the end of each reporting year	1,037,645	176,518	145,162	171,164	168,128	155,190	155,190
One year later	1,105,680	165,556	130,068	161,502	165,995	-	165,995
Two years later	1,097,383	159,668	130,610	167,275	-	-	167,275
Three years later	1,095,657	157,640	131,109	-	-	-	131,109
Four years later	1,093,818	154,667	-	-	-	-	154,667
Five years later	1,082,811	-	-	-	-	-	1,082,811
Estimate of net cumulative claims	**1,082,811**	**154,667**	**131,109**	**167,275**	**165,995**	**155,190**	**1,857,047**
Cumulative payments to date	(1,079,383)	(153,206)	(123,507)	(152,552)	(147,571)	(108,158)	(1,764,377)
Total net undiscounted liabilities for incurred claims	**3,428**	**1,461**	**7,602**	**14,723**	**18,424**	**47,032**	**92,670**
Effect of discounting							(6,418)
Effect of risk adjustment							3,471
Others*							78,913
Total net discounted liabilities for incurred claims							**168,636**

* Others includes net unallocated loss adjustment expenses reserve, non-performance risks and net reinsurance claims payable

15. Segment information

Identification of reportable segments

Primary segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable operating segments as follows:

1. The general insurance segment, comprises motor, medical, marine, fire, property, liability, engineering and general accident.
2. The life segment includes group life, credit life and individual life.

	General Insurance		*Life Insurance*		*Total*	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
	AED'000	AED'000 (Restated)	**AED'000**	AED'000 (Restated)	**AED'000**	AED'000 (Restated)
Assets						
Property and equipment	**48,146**	50,197	**16,049**	16,732	**64,195**	66,929
Intangible assets	**2,356**	3,676	**785**	5,047	**3,141**	8,723
Right-of-use-assets	**2,898**	5,146	**966**	1,715	**3,864**	6,861
Unit linked assets	**-**	-	**403,157**	349,613	**403,157**	349,613
Investment securities	**56,607**	62,292	**15,681**	14,487	**72,288**	76,779
Statutory deposit	**6,000**	6,000	**4,000**	4,000	**10,000**	10,000
Reinsurance contract assets	**411,141**	473,816	**132,125**	153,598	**543,266**	627,414
Insurance contract assets	**30,049**	37,478	**1,038**	4	**31,087**	37,482
Other receivables	**30,491**	27,227	**12,475**	19,904	**42,966**	47,131
Bank deposits with original maturities of more than three months	**220,928**	31,952	**73,642**	36,936	**294,570**	68,888
Cash and cash equivalents	**28,714**	154,250	**9,571**	51,417	**38,285**	205,667
Total assets	**837,330**	852,034	**669,489**	653,453	**1,506,819**	1,505,487
Liabilities						
Provision for employees' end of service benefit	**10,464**	10,818	**3,490**	3,606	**13,954**	14,424
Insurance contract liabilities	**597,365**	648,100	**197,490**	201,352	**794,855**	849,452
Reinsurance contract liabilities	**17,728**	24,315	**1,776**	479	**19,504**	24,794
Other payables	**35,849**	18,660	**67,347**	59,854	**103,196**	78,514
Unit linked liabilities	**-**	-	**370,284**	330,795	**370,284**	330,795
Total liabilities	**661,406**	701,893	**640,387**	596,086	**1,301,793**	1,297,979

15. Segment information (continued)

	General Insurance		*Life Insurance*		*Total*	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
	AED'000	AED'000 (Restated)	**AED'000**	AED'000 (Restated)	**AED'000**	AED'000 (Restated)
Insurance revenue	**560,043**	595,515	**73,494**	167,771	**633,537**	763,286
Insurance service expenses	**(360,235)**	(424,154)	**(68,245)**	(164,749)	**(428,480)**	(588,903)
Insurance service result before reinsurance contracts held	**199,808**	171,361	**5,249**	3,022	**205,057**	174,383
Allocation of reinsurance premiums	**(339,610)**	(363,783)	**(46,630)**	(95,342)	**(386,240)**	(459,125)
Amounts recoverable from reinsurance for incurred claims	**149,518**	206,073	**32,879**	94,042	**182,397**	300,115
Net expenses from reinsurance contracts held	**(190,092)**	(157,710)	**(13,751)**	(1,300)	**(203,843)**	(159,010)
Insurance service result	**9,716**	13,651	**(8,502)**	1,722	**1,214**	15,373
Interest revenue calculated using the effective interest method	**10,073**	4,612	**3,358**	1,537	**13,430**	6,149
Net fair value (losses) / gains on financial assets at FVTPL	**941**	(1,587)	**314**	(529)	**1,254**	(2,116)
Other investment income	**1,897**	1,471	**632**	490	**2,529**	1,961
Total investment income	**12,910**	4,496	**4,303**	1,498	**17,213**	5,994
Insurance finance (expense)/income from insurance contracts issued	**(21,959)**	6,345	**1,064**	3,518	**(20,895)**	9,863
Reinsurance finance income/(expense) from reinsurance contracts held	**24,839**	(10,651)	**(1,775)**	(3,167)	**23,064**	(13,818)
Net insurance financial result	**2,880**	(4,306)	**(711)**	351	**2,169**	(3,955)
Net insurance and investment results	**12,596**	9,345	**(9,213)**	2,073	**3,383**	11,418
Other operating expenses	**(1,836)**	(1,655)	**(21,239)**	(13,251)	**(23,075)**	(14,906)
(Loss)/profit for the year	**23,670**	12,186	**(26,149)**	(9,680)	**(2,479)**	2,506
Basic and diluted (loss) / earnings per share					**(0.007)**	0.008

The table presents the geographical distribution of insurance revenue:

	For the year ended 31 December	
	2023	2022
	AED'000	AED'000
United Arab Emirates	**570,862**	601,916
GCC	**60,356**	160,008
Others	**2,319**	1,362
	633,537	763,286

The geographical segment disclosure is not applicable for non-current assets. The Company does not have reliance on any single customer for generating revenue.

16. Other receivables

	30 December 2023 AED'000	31 December 2022 AED'000
Other receivables	**37,702**	40,687
Prepaid expenses	**5,264**	6,444
	42,966	47,131

17. Intangible assets

	Licensed know-how fee AED'000	Software AED'000	Total AED'000
Cost:			
At 1 January 2022	19,108	21,158	40,266
Additions	-	86	86
Transfers from CWIP	-	971	971
At 31 December 2022	19,108	22,215	41,323
Additions	**-**	**361**	**361**
At 31 December 2023	**19,108**	**22,576**	**41,684**
Accumulated Amortisation:			
At 1 January 2022	11,464	14,228	25,692
Charge for the year	3,822	3,086	6,908
At 31 December 2022	15,286	17,314	32,600
Charge for the year	**3,822**	**2,121**	**5,943**
At 31 December 2023	**19,108**	**19,435**	**38,543**
Carrying amounts:			
At 31 December 2022	3,822	4,901	8,723
At 31 December 2023	**-**	**3,141**	**3,141**

The Company had paid non-refundable license fee in the year 2018 to utilise and access to know how of the customers of a bank.

18. Other payables

	31 December 2023 AED'000	31 December 2022 AED'000
Other payables*	**82,555**	58,871
Provision for default claims	**14,329**	14,329
Non-unit reserve	**6,312**	5,314
	103,196	78,514

* This includes lease liabilities amounting to AED 3,817 thousand (2022: AED 6,855 thousand) and are disclosed separately in note 24.2.

19. Insurance revenue

	Life AED'000	General AED'000	Total AED'000
For the year ended 31 December 2023			
Contracts not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage			
CSM recognised for services provided	**1,452**	**-**	**1,452**
Change in risk adjustment for non-financial risk for risk expired	**1,595**	**-**	**1,595**
Expected incurred claims and other insurance service expenses	**26,472**	**-**	**26,472**
Recovery of insurance acquisition cash flows	**897**	**-**	**897**
	30,416	**-**	**30,416**
Contracts measured under the PAA	**43,078**	**560,043**	**603,121**
	73,494	**560,043**	**633,537**
For the year ended 31 December 2022 (Restated)			
Contracts not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage			
CSM recognised for services provided	5,595	-	5,595
Change in risk adjustment for non-financial risk for risk expired	1,992	-	1,992
Expected incurred claims and other insurance service expenses	31,014	-	31,014
Recovery of insurance acquisition cash flows	226	-	226
	38,827	-	38,827
Contracts measured under the PAA	128,944	595,515	724,459
	167,771	595,515	763,286

20. Insurance service expenses

	Life AED'000	General AED'000	Total AED'000
For the year ended 31 December 2023			
Incurred claims and other expenses	**86,227**	**382,080**	**468,307**
Amortisation of insurance acquisition cash flows	**5,713**	**53,043**	**58,756**
Losses on onerous contracts and reversals of those losses	**4,519**	**(1,274)**	**3,245**
Changes to liabilities for incurred claims	**(28,215)**	**(73,613)**	**(101,828)**
	68,244	**360,236**	**428,480**
For the year ended 31 December 2022 (Restated)			
Incurred claims and other expenses	132,784	453,690	586,474
Amortisation of insurance acquisition cash flows	23,231	58,679	81,910
Losses on onerous contracts and reversals of those losses	1,465	1,949	3,414
Changes to liabilities for incurred claims	7,270	(90,165)	(82,895)
	164,750	424,153	588,903

21. Net insurance financial result

	Life AED'000	General AED'000	Total AED'000
For the year ended 31 December 2023			
Insurance finance income/(expense) from insurance contracts issued	**1,064**	**(21,959)**	**(20,895)**
Reinsurance finance (expense) / income from reinsurance contracts held	**(1,775)**	**24,839**	**23,064**
For the year ended 31 December 2022 (Restated)			
Insurance finance income from insurance contracts issued	3,518	6,345	9,863
Reinsurance finance expense from reinsurance contracts held	(3,167)	(10,651)	(13,818)

22. Net investment income

	2023 AED'000	2022 AED'000
Interest income	**13,430**	6,149
Other investment income/(loss):		
Dividend income	**3,540**	3,018
Realised gains on sale of investments at FVTPL	**833**	3,173
Unrealised gain/(loss) on investments at FVTPL	**421**	(5,289)
Investment management expenses	**(980)**	(1,004)
Others	**(31)**	(53)
Other investment gain/(loss)	**3,783**	(155)
Net investment income	**17,213**	5,994

23. Other operating expenses

	2023 AED'000	2022 AED'000
Board remuneration	**1,350**	1,655
Consultancy fee	**486**	-
Others	**21,239**	13,251
	23,075	14,906

23.1 The commitment of short term leases

The commitment for short term leases amounting to AED 1,029 thousand for the year ended 31 December 2023 (31 December 2022: AED 1,353 thousand).

24. Leases

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

24.1 Right-of-use assets

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Balance at the beginning of the year	**6,861**	637
Addition during the year	**-**	9,240
Depreciation expense for the year	**(2,997)**	(3,016)
Balance at the end of the year	**3,864**	6,861

24.2 Lease liablities

Lease liabilites are classified under other payables in note 18. Movement of lease liabilities during the year was as follows:

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
At 1 January	**6,855**	32
Additions during the year	**-**	9,240
Accrued interest	**356**	413
Payments during the year	**(3,394)**	(2,830)
At 31 December	**3,817**	6,855

The incremental borrowing rate used for calculation of lease liabilities is 6.7% for the year ended 31 December 2023 (31 December 2022: 6.7%)

Current and non-current poertions of lease liabilities are as follows:

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Non-current portion	**728**	3,821
Current portion	**3,089**	3,034
	3,817	6,855

25. Provision for employees' end of service benefits

	As at 31 December 2023 AED'000	As at 31 December 2022 AED'000
Balance at the beginning of the year	**14,424**	12,873
Charge for the year	**2,031**	2,885
Payments during the year	**(2,501)**	(1,334)
Balance at the end of the year	**13,954**	14,424

26. Basic and diluted (loss) / earnings per share

	2023	2022
(Loss)/profit for the year (in 000)	**(2,479)**	2,506
Number of outstanding shares	**330,939**	330,939
Basic (loss) / earnings per share (in AED)	**(0.007)**	0.008

No figures for diluted earnings per share are presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised, as such diluted earnings per share is equivalent to basic earnings per share.

27. Social contributions

The Company did not make any social contributions during the year ended 31 December 2023 (2022: Nil).

28. 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 very nature of an insurance contract, this risk is random and therefore unpredictable. The Company writes general, medical and life insurance contracts. General insurance contracts of the Company include Liability, Property, Motor, Fire, Marine, General accident and Engineering insurance contracts. Medical insurance contracts include both individual and group medical insurance contracts. Life insurance contracts include group, Individual Life and credit life insurance contracts.

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

28. Insurance risk (continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's risk management framework. The Committee reports regularly to the Board of Directors on its activities related to Risk Management framework and further developments. The primary purpose of Risk Management framework is to protect the shareholders from events that deter the sustainable achievement of the set financial/performance objective.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Risk Management principles are embedded in Company's operational and financial processes and further mitigation/controls are implemented for effective Internal Risk Management framework in the functional processes.

The Company's Audit and Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit and Risk Management Committee is assisted in its oversight role by Internal Audit and Risk functions.

The Company does not foresee any material impact to its business and operations due to possible climate change effect in the near future. The Company will, however, be collating necessary data to monitor the possible effect on a periodic basis going forward.

Two key elements of the Company's insurance risk management framework are its underwriting strategy and reinsurance strategy, as discussed below.

Underwriting strategy

The Company's underwriting strategy is to build balanced portfolios based on a large number of similar risks. This reduces the variability of the portfolio's outcome.

The underwriting strategy is set out by the Company that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Company is prepared to underwrite. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio.

Business selection is part of Company's underwriting procedures/guidelines whereby premiums are charged based on the assessment and type of the risks. Other factors such as risk inspections, mortality, persistency and current market trends are also considered in the risk underwriting and premium calculation.

Reinsurance strategy

The Company's reinsurance arrangements include proportional, non-proportional, excess of loss and catastrophe coverage. The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources.

The Company has a Reinsurance department that is responsible to arrange reinsurance arrangement as per the annual business plans and also for setting the minimum-security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy. As a proactive measure and part of Risk Management framework, the reinsurers securities rating is monitored for any downgrade from credit risk perspective. The reinsurance regulations issued by the CBUAE are also incorporated in the Reinsurance strategy.

The Company enters into a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Company. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances.

28. Insurance risk (continued)

28.1 Frequency and severity of claims

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

The Company has the right not to renew individual policies, to re-price the risk, to impose deductibles and to rejec the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for paymer of some or all costs (for example, subrogation). Furthermore, the Company's strategy limits the total exposure t any one territory and the exposure to any one industry.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsuranc arrangements is that the Company should not suffer net insurance losses of a set minimum limit of AED 1,00 thousand (31 December 2022: 1,000 thousand) in any one event. The Company has survey units dealing with th mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. Th risks are frequently reviewed individually and adjusted to reflect the latest information on the underlying fact current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages an pursues early settlements of claims to reduce its exposure to unpredictable developments.

28.2 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 even that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As result, certain claims are settled over a long period of time and element of the claims provision includes incurre but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty tha the estimation of the cost of settling claims already notified to the Company, where information about the clai event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise t the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically displa greater variations between initial estimates and final outcomes because of the greater degree of difficulty c estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Compan considers information available from loss adjusters and information on the cost of settling claims with simil characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in ord to allow for the possible distortive effect of their development and incidence on the rest of the portfolio. I estimating the liability for claims incurred but not reported, the Company involves an independent extern appointed actuary.

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

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

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

28. Insurance risk (continued)

28.2 Sources of uncertainty in the estimation of future claim payments (continued)

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

Type of risk	31 December 2023 Gross loss ratio	31 December 2023 Net loss ratio	31 December 2022 Gross loss ratio	31 December 2022 Net loss ratio
General insurance	**38%**	**63%**	53%	55%
Life insurance	**26%**	**8%**	37%	19%

Based on the simulations performed, the impact on profit of a change of 1% in the loss ratio for both gross and net of reinsurance recoveries would be as follows:

	2023 Gross AED'000	2023 Net AED'000	2022 Gross AED'000	2022 Net AED'000
Impact of an increase of 1% in loss ratio	**7,268**	**3,029**	8,299	3,174
Impact of a decrease of 1% in loss ratio	**(7,268)**	**(3,029)**	(8,299)	(3,174)

28.3 Process used to determine the assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out quarterly. The assumptions are checked to ensure that they are consistent with observable market practices or other published information.

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims.

Case estimates are reviewed regularly and are updated as and when new information arises.

The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate.

The provision estimation difficulties also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The method used by the Company for calculating the provision of IBNR takes into account historical data, past estimates and details of the reinsurance programme, to assess the expected size of reinsurance recoveries. The methods more commonly used are the chain-ladder ("CL"), expected loss ratios ("ELR") and the Bornhuetter-Ferguson ("BF") methods.

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

28. Insurance risk (continued)

28.3 Process used to determine the assumptions (continued)

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

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

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that a weighted average of different 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 and has used historical data for the past 9 years.

The key assumptions used for the life insurance contracts are as follows:

Mortality
An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Company's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

Morbidity
The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Company's own experience.

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process. The Company believes that the liability reported in the statement of financial position is adequate.

However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims are finally settled.

28. Insurance risk (continued)

Sensitivity analysis

Contracts measured under PAA

2023	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000	Impact on equity gross of reinsurance AED'000	Impact on equity net of reinsurance AED'000
Weighted average term to settlement	+10%	2,130	642	2,130	642
Expected loss	+10%	64,102	17,158	64,102	17,158
Inflation rate	+1%	213	64	213	64
Weighted average term to settlement	-10%	(2,130)	(642)	(2,130)	(642)
Expected loss	-10%	(64,102)	(17,158)	(64,102)	(17,158)
Inflation rate	-1%	(213)	(64)	(213)	(64)

2022	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000	Impact on equity gross of reinsurance AED'000	Impact on equity net of reinsurance AED'000
Weighted average term to settlement	+10%	2,962	19	2,962	19
Expected loss	+10%	72,024	15,922	72,024	15,922
Inflation rate	+1%	296	2	296	2
Weighted average term to settlement	-10%	(2,962)	(19)	(2,962)	(19)
Expected loss	-10%	(72,024)	(15,922)	(72,024)	(15,922)
Inflation rate	-1%	(296)	(2)	(296)	(2)

28. Insurance risk (continued)

Sensitivity analysis (continued)

Contracts not measured under PAA

2023	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000
Mortality	+15%	(7,111)	(55)
Lapse	+40%	(14,604)	(2,725)
Risk adjustment	+10%	(457)	(35)
Mortality	-15%	7,111	55
Lapse	-40%	14,604	2,725
Risk adjustment	-10%	457	35

2022	Change in assumptions	Impact on net profit gross of reinsurance AED'000	Impact on net profit net of reinsurance AED'000
Mortality	+15%	(4,645)	(15,065)
Lapse	+40%	(7,699)	(24,971)
Risk adjustment	+10%	(274)	(887)
Mortality	-15%	15,065	4,645
Lapse	-40%	24,971	7,699
Risk adjustment	-10%	887	274

29. Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by U.A.E. Federal Law No. 48 of 2023, on Establishment of Insurance Companies register of the Central Bank of the U.A.E. ("CBUAE") and Organization 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., Insurance Companies register of the Central Bank of the U.A.E. ("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.

The table below summarises the minimum required capital of the Company and the total capital held.

	As at 31 December 2023 AED'000 (Unaudited)	As at 31 December 2022 AED'000 (Unaudited)
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**105,439**	142,766
Minimum Guarantee Fund (MGF)	**85,940**	90,252
Own Funds:		
Basic own funds	**152,063**	162,889
Ancillary own funds		
MCR Solvency Margin-Surplus	**52,063**	62,889
SCR Solvency Margin-Surplus	**46,623**	20,123
MGF Solvency Margin-Surplus	**66,123**	72,637

The Insurance Companies register of the Central Bank of the U.A.E. ("CBUAE") has issued resolution No. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing insurance firms and AED 250 million for reinsurance firms. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Company is in compliance with the minimum capital requirements.

Further, as per Article (8) of section (2) of financial regulations issued for insurance companies in U.A.E., the Company shall at all times comply with the requirements of solvency margin.

30. 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.

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:

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

30.1 Fair value of financial instruments carried at amortized cost

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

30. Fair value measurements (continued)

30.2 Fair value measurements recognised in the statement of financial position

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;

	Fair value as at 31 December 2023 AED'000	31 December 2022 AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
FVTPL investments						
Quoted equity securities	**64,674**	62,417	Level 1	Quoted bid prices in an active market.	None	Not Applicable
Quoted bonds	**6,106**	11,971	Level 2	Quoted prices in secondary market	None	Not Applicable
Unquoted equity securities	**1,484**	2,364	Level 3	Net assets valuation method	Net asset value	Higher the net assets, value of the investees, higher the fair value.
Investment held on behalf of Policy holder of Unit linked products	**235,692**	215,180	Level 2	Quoted prices in secondary market	None	Not Applicable
Due from reinsurers towards policyholders of unit linked products	**153,589**	122,490	Level 2	Quoted prices in secondary market	None	Not Applicable
FVTOCI investments						
Quoted equity securities	**24**	27	Level 1	Quoted bid prices in an active market.	None	Not Applicable
Financial liabilities measured at FVTPL						
Unit linked liabilities (excluding cash held withing the related unit linked assets)	**389,281**	337,670	Level 1	Quoted bid prices in an active market.	None	Not Applicable

30. Fair value measurements (continued)

30.2 Fair value measurements recognised in the statement of financial position (continued)

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

	FVTPL AED'000	FVTOCI AED'000	Total AED'000
At 1 January 2022	3,819	-	3,819
Disposals	(1,243)	-	(1,243)
Changes in fair value	(212)	-	(212)
As at 31 December 2022	2,364	-	2,364
Changes in fair value	**(880)**	-	**(880)**
As at 31 December 2023	**1,484**	-	**1,484**

There were no transfers between the levels during the year.

31. Financial Risk Management

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 credit risk, liquidity risk, market risk (which includes foreign currency risk, equity and debt price risk and interest rate risk) and operational risk.

31.1 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:

- insurance receivables;
- other receivables;
- investment securities - debt;
- bank deposits with original maturities of more than three months;
- statutory deposit; and
- cash and cash equivalents

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 finalization of any contract.

31. Financial Risk Management (continued)

31.1 Credit risk (continued)

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.

31.2 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, 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.

The table below summarizes the maturity profile of the Company's insurance and financial instruments. 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. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

31. Financial Risk Management (continued)

31.2 Liquidity risk (continued)

As at 31 December 2023

	Carrying amount AED'000	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity date AED'000	Total AED'000
Assets						
Statutory deposit	10,000	-	-	-	10,000	10,000
Investment securities						
Financial assets at fair value through profit or loss	72,264	2,559	2,846	-	66,859	72,264
Financial assets at fair value through other comprehensive income	24	-	-	-	24	24
Unit linked assets	403,157	-	100,789	302,368	-	403,157
Reinsurance contract assets	543,266	456,907	21,590	64,769	-	543,266
Bank deposits with original maturities of more than three months	294,570	294,570	-	-	-	294,570
Other receivables	42,966	17,186	25,780	-	-	42,966
Insurance contract assets	31,087	31,087	-	-	-	31,087
Cash and cash equivalents	38,285	38,285	-	-	-	38,285
Total	1,435,619	840,594	151,005	367,137	76,883	1,435,619
Liabilities						
Insurance contract liabilities	794,855	651,896	35,740	107,219	-	794,855
Reinsurance contract liabilities	19,504	18,439	266	799	-	19,504
Unit linked liabilities	370,284		92,571	277,713	-	370,284
Other payables	99,379	99,379	-	-	-	99,379
Lease liabilities	3,817	3,094	723	-	-	3,817
Total	1,287,839	772,808	129,300	385,731	-	1,287,839

31. Financial Risk Management (continued)

31.2 Liquidity risk (continued)

As at 31 December 2022 (restated)

	Carrying amount AED'000	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity date AED'000	Total AED'000
Assets						
Statutory deposit	10,000	-	-	-	10,000	10,000
Investment securities						-
Financial assets at fair value through profit or loss	76,752	5,830	5,443	-	65,479	76,752
Financial assets at fair value through other comprehensive income	27	-	-	-	27	27
Unit linked assets	349,613	-	87,403	262,210	-	349,613
Reinsurance contract assets	627,414	530,744	24,168	72,502		627,414
Bank deposits with original maturities of more than three months	68,888	52,605	16,283	-	-	68,888
Other receivables	47,131	18,852	28,279	-	-	47,131
Insurance contract assets	37,482	37,482	-	-	-	37,482
Cash and cash equivalents	205,667	205,667	-	-	-	205,667
Total	1,422,974	851,180	161,576	334,712	75,506	1,422,974
Liabilities						
Insurance contract liabilities	849,452	711,389	34,516	103,547	-	849,452
Reinsurance contract liabilities	24,794	24,314	120	360	-	24,794
Unit linked liabilities	330,795		82,699	248,096	-	330,795
Other payables	71,659	71,659		-	-	71,659
Lease liabilities	6,855	3,034	3,821	-	-	6,855
Total	1,283,555	810,396	121,156	352,003	-	1,283,555

31. Financial Risk Management (continued)

31.3 Market risk

Market risk is the risk that the fair value or the future cashflows 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's market risks arise from open positions in (a) foreign currencies (b) interest bearing and (c) price risk 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. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The unit linked contracts have not been considered for sensitivity of market risk and as these are merely passed through contracts.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated – for example, credit spreads, changes in interest rate and changes in foreign currency rates.

Market risk drivers include equity prices, credit spreads, foreign exchange rates and interest rates. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in local equity and bond markets. In addition, the Company actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

31.3.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Company's functional currency is the UAE Dirham.

The Company has also exposures in USD, to which the AED is pegged and the Company's exposure to currency risk is limited to that extent.

31.3.2 Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk relates to its bank deposits. At 31 December 2023, bank deposits carry fixed interest rates ranging from 1.5% to 8% per annum (31 December 2022: 0.15% to 8.5% per annum) and therefore not exposed to cashflow interest rate risk.

31.3.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company's equity price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, sector and market. The fair values of financial assets are not different from their carrying values.

31. Financial Risk Management (continued)

31.3 Market risk (continued)

31.3.3 Price risk (continued)

Sensitivities

The table below shows the results of sensitivity testing on the Company's profit or loss and other comprehensive income by type of business. The sensitivity analysis indicates the effect of changes in price risk factors arising from the impact of the changes in these factors on the Company's investments:

	10% increase in price		10% decrease in price	
	FVTPL AED'000	**FVTOCI AED'000**	**FVTPL AED'000**	**FVTOCI AED'000**
2023				
Quoted debt investments	**611**	**-**	**(611)**	**-**
Quoted equity investments	**6,467**	**2**	**(6,467)**	**(2)**
Unquoted equity investments	**148**	**-**	**(148)**	**-**
2022				
Quoted debt investments	1,197	-	(1,197)	-
Quoted equity investments	6,242	3	(6,242)	(3)
Unquoted equity investments	236	-	(236)	-

31.4 Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks.

The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorization and reconciliation procedures, staff training and assessment processes etc. with a focus on compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

31. Financial Risk Management (continued)

31.5 Classification of financial assets and liabilities

(a) The table below sets out the Company's classification of each class of financial asset and liability and their carrying amounts as at 31 December 2023:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and cash equivalents	-	-	38,285	38,285
Bank deposits with original maturities of more than three months	-	-	294,570	294,570
Statutory deposit	-	-	10,000	10,000
Investment securities	72,264	24	-	72,288
Unit linked assets	389,281	-	13,876	403,157
Total	461,545	24	356,731	818,300
Financial liabilities:				
Other payables	-	-	103,196	103,196
Unit linked liabilities	370,284	-	-	370,284
Total	370,284	-	103,196	473,480

(b) The table below sets out the Company's classification of each class of financial asset and liability and their carrying amounts as at 31 December 2022:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and cash equivalents	-	-	205,667	205,667
Bank deposits with original maturities of more than three months	-	-	68,888	68,888
Statutory deposit	-	-	10,000	10,000
Investment securities	76,752	27	-	76,779
Unit linked assets	337,670	-	11,943	349,613
Total	414,422	27	296,498	710,947
Financial liabilities:				
Other payables	-	-	78,514	78,514
Unit linked liabilities	330,795	-	-	330,795
Total	330,795	-	78,514	409,309

32. Gross written premiums

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'000**	**Medical Insurance AED'000**	**Property & Liability AED'000**	**All types of Business Combined AED'000**
Direct written premiums	**139,348**	**245,377**	**330,503**	**715,228**
Assumed business				
Foreign	**-**	**-**	**1,793**	**1,793**
Local	**-**	**-**	**9,737**	**9,737**
Total assumed business	**-**	**-**	**11,530**	**11,530**
Gross written premiums	**139,348**	**245,377**	**342,033**	**726,758**

31 December 2022	Life Insurance AED'000	Medical Insurance AED'000	Property & Liability AED'000	All types of Business Combined AED'000
Direct written premiums	270,516	223,460	338,409	832,385
Assumed business				
Foreign	-	-	13,322	13,322
Local	-	-	22,610	22,610
Total assumed business	-	-	35,932	35,932
Gross written premiums	270,516	223,460	374,341	868,317

33. Corporate tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from 2023, specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 income Taxes, the Company has assessed the deferred tax implications for the year ended 31 December 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not material.

34. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 19 March 2024.

35. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation with current year.

36. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the financial statements as at and for the year ended 31 December 2023.