UNITED FIDELITY INSURANCE COMPANY (P.S.C.)

Financial Statements
For the year ended 31 December 2023

فيدلتي المتحدة
Fidelity United
INSURANCE

The Board of Directors' Report – Year Ended December 31, 2023

The Board of Directors is pleased to report Fidelity United's financial results for the year ended 31st December 2023. Continuing with the exceptional growth trend for the year Fidelity United achieved total Gross written premiums (GWP) of AED 654m as compared to AED 422m in the year before depicting an increase of 55%. The increase is mainly driven by the Medical business followed by Consumer and commercial segments. The total insurance revenue as per IFRS17 amounted to AED 566m for December 2023 as compared to AED 395m in 2022 as captured below.

Insurance Revenue (AED in Thousands)	December 31st		Increase/(Decrease)	
	2023	2022	Amount	%
Commercial	139,536	114,442	25,094	22%
Consumer	115,970	95,032	20,938	22%
Medical and Life	310,656	185,649	125,007	67%
Total	**566,162**	**395,123**	**171,039**	**43%**

The year 2023 was a very tough year for Fidelity United as market conditions continued to be challenging resulting in higher-than-expected losses. It is worthwhile to share that due to the implementation of new accounting standard (IFRS 9 Financial Instruments) effective January 1, 2023, Fidelity United was no longer allowed to present the gains on disposal of FVTOCI investments in the income statement, creating a significant impact on the net loss for the period. As a result of the above factors Fidelity United has incurred a net loss of AED 17.4m compared to a profit of AED 3.6m last year. It is also worth pointing out that after considering the impact of FVTOCI Investments included in the Statement of Comprehensive Income, Fidelity United is showing only a net other comprehensive loss of AED 1.9m as against a loss of AED 16.8m for the prior year.

Future Outlook

As Fidelity United continues to show strong topline growth, the focus moving forward will be to closely monitor the net bottom-line to ensure profitability. We firmly believe that Fidelity United is well placed to benefit from market opportunities and ready to play a more significant role in the UAE Insurance market. Keeping in mind UAE's strong economic performance in 2023 and projected growth of more than 5% for the year 2024, we are confident that our performance will continue to get better.

Fidelity United will continue to focus on customer services, marketing and branding activities, enhancing connectivity with business partners and at the same time we are innovatively working on enhancing the existing products and evaluating the requirements for new products. Recently During the year Fidelity United launched our new website which is highly customer focused and will enhance our customer connectivity.

The Board of Directors would like to thank all our customers and business partners for their continued trust in United Fidelity Insurance Company, strengthening our image as the reliable insurance partner. The Board of Directors would also like to thank our employees for their unwavering dedication and hard work.

Chairman of the Board
19th March 2024

Grant Thornton Audit and Accounting Limited (Dubai Branch)

The Offices 5
Level 3
Office 302, 303, 308
One Central, DWTC
Dubai, UAE

P.O. Box 1620
T +971 4 388 9925
F +971 4 388 9915
www.grantthornton.ae

Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Fidelity Insurance Company (P.S.C.). (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (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 Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 27 to the financial statements which states that as of 31 December 2023, the Company had a SCR Solvency Margin Deficit of AED 5.1 million as compared to the SCR capital requirements of AED 108.6 million and that the Company's ability to comply with the solvency requirement depends on the effective implementation of the business plan submitted to the Central Bank of UAE. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current year. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

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Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of (Re)Insurance Contract Assets and Liabilities	
As at 31 December 2023, the Company's reinsurance contract assets, insurance contract liabilities and reinsurance contract liabilities are valued at AED 213 million, AED 465 million and AED 5 million respectively. (Refer to note 9 to the financial statements). Valuation of (Re)Insurance contract assets and liabilities involves significant judgements and estimates particularly with respect to the estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims. These cash flows primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries. The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cashflows.	We performed the following procedures in conjunction with our actuarial specialists: - Understood and evaluated the process, the design and implementation of controls in place to determine valuation of (Re)Insurance contract assets and liabilities; - Assessed of the competence, capabilities and objectivity of the management appointed actuary; - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows; - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - We independently reperformed the calculation to assess the mathematical accuracy of the reinsurance contract assets and liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves; - Evaluated and tested the data used in the impairment model calculations receivables for amount due; and - Evaluated and tested the calculation of the expected credit allowance and key assumptions and judgements used.

Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Disclosure of the transition impact of adopting IFRS 17	
We determined the disclosure of the impact of adopting IFRS 17 to be a key audit matter because of the significant changes introduced by the standard, which includes significant estimates and judgements. These impacts will be of particular importance to the readers of these financial statements. (Refer to note 4 to the financial statements). In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17: - The determination of the transition approach adopted for each group of insurance contracts; - The methodology adopted and key assumptions used to determine the impact and restatement of previously reported numbers in accordance with IFRS 17. - - Disclosure of the impact of restatement, in accordance with IFRS 17.	Our audit procedures, among others, included: - Assessed 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; - Evaluated the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows; - Evaluated of the completeness, and on sample basis, the accuracy and relevance of the data used to determine the impact of IFRS 17 adoption and restatement; and - Evaluated the reasonableness of the quantitative and qualitative disclosures included in the financial statements in accordance with IFRS 17.
Valuation of investment properties	
Company holds investment properties under the fair value model as at 31 December 2023 amounting to AED 46,639,999 (2022: 46,783,999), (Refer to note 6 to the financial statements). The fair value estimate requires significant judgement and estimates by management and independent external valuers. The Company has involved independent external valuers in order to value the investment properties for the purpose of determining the fair value for inclusion in the financial statements. The existence of significant estimation and judgement coupled with change in valuation assumptions used could result in material change. Therefore, the valuation of these investment properties was significant to our audit.	Our audit procedures, among others, included: - Obtained an understanding of the process of determining the fair value of the investment properties; - Assessed the competence, skills, qualifications and objectivity of the independent external valuers; - Reviewed the scope of the engagement between the external valuer and the Company to determine if this was sufficient for audit purposes; - Verified the accuracy, completeness and relevance of the input data used for deriving fair values; - Reperformed the mathematical accuracy of the valuations on a sample basis; - Agreed the results of the valuations to the amounts recorded in the financial statements; and - Assessed the adequacy of disclosures included in financial statements against the requirements of IFRSs.

Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises information included in the Company's 2023 Directors' Report.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021 and Federal Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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 ISA 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 ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

i) the Company has maintained proper books of account;

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

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

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

v) note 7 to the financial statements discloses purchase of shares by the Company during the year ended 31 December 2023;

vi) note 23 to the financial statements discloses material related party transactions, and the terms under which they were conducted;

vii) note 21 to the financial statements reflects the social contributions made during the year; and

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Independent Auditor's Report

To the Shareholders of United Fidelity Insurance Company (P.S.C.)

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

viii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or its Articles of Association which would have a material impact on its activities or its financial position.

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

GRANT THORNTON

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

GRANT THORNTON UAE

Dr. Osama El Bakry
Registration No: 935
Dubai, United Arab Emirates

20 March 2024

United Fidelity Insurance Company (P.S.C.)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 AED	*Restated* 2022 AED	*Restated* 2021 AED
ASSETS				
Property and equipment	5	**11,766,413**	22,960,860	10,642,875
Investment properties	6	**46,639,999**	46,783,999	46,799,999
Investments at fair value through profit or loss (FVTPL)	7	**155,987,108**	103,295,993	64,710,250
Investments at fair value through other comprehensive income (FVTOCI)	7	**113,580,481**	122,132,728	99,900,850
Insurance contract assets	9	**-**	78,986	-
Reinsurance contract assets	9	**212,801,173**	150,466,850	53,309,337
Prepayments and other assets	10	**4,539,292**	3,369,402	2,601,474
Statutory deposits	11	**10,000,000**	10,000,000	10,000,000
Other receivables		**2,126,240**	2,841,297	2,037,619
Bank balances and cash	12	**76,228,358**	58,736,058	70,998,762
TOTAL ASSETS		**633,669,064**	520,666,173	361,001,166
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	**160,000,000**	160,000,000	100,000,000
Statutory reserve	14	**1,375,495**	1,375,495	1,307,173
General reserve	15	**447,524**	447,524	1,119,524
Reinsurance reserve	16	**4,802,026**	2,989,376	1,740,629
Cumulative change in fair value of FVTOCI investments		**3,988,910**	(6,621,482)	13,867,416
Accumulated losses		**(36,303,139)**	(21,982,864)	(24,314,500)
TOTAL EQUITY		**134,310,816**	136,208,049	93,720,242
LIABILITIES				
Employees' end of service benefits	18	**4,484,362**	4,149,775	3,376,247
Insurance contract liabilities	9	**465,498,527**	340,608,736	227,810,004
Reinsurance contract liabilities	9	**5,442,405**	7,500,602	13,972,165
Lease liabilities	19	**7,187,505**	17,567,692	6,615,432
Other payables	20	**16,745,449**	14,631,319	15,507,076
TOTAL LIABILITIES		**499,358,248**	384,458,124	267,280,924
TOTAL EQUITY AND LIABILITIES		**633,669,064**	520,666,173	361,001,166

These financial statements were authorised for issue on 19 March 2024 by the Board of Directors and signed on its behalf by:

Chairman

Chief Executive Officer

The attached explanatory notes from 1 to 28 form part of these financial statements.

United Fidelity Insurance Company (P.S.C.)

STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Notes	2023 AED	*Restated* 2022 AED
Insurance revenue	9	**566,162,066**	395,123,034
Insurance service expenses	21	**(560,594,300)**	(451,618,850)
Insurance service result before reinsurance contracts held		**5,567,766**	(56,495,816)
Allocation of reinsurance premiums		**(311,311,919)**	(202,061,881)
Amounts recoverable from reinsurance for incurred claims		**273,111,786**	235,789,527
Net expenses from reinsurance contracts held		**(38,200,133)**	33,727,646
Insurance service results		**(32,632,367)**	(22,768,170)
Insurance finance (expense) / income for insurance contracts issued	22	**(6,773,662)**	5,291,370
Reinsurance finance income / (expense) for reinsurance contracts held	22	**4,701,969**	(3,717,546)
Net insurance finance (expense)/ income		**(2,071,693)**	1,573,824
Net investment income	22	**17,710,114**	23,916,350
Net insurance and investment results		**15,638,421**	25,490,174
Other operating (expense)/ income		**(437,986)**	926,701
(Loss) / profit for the year		**(17,431,932)**	3,648,705
Basic and diluted (loss) / earnings per share	17	**(0.109)**	0.030

The attached explanatory notes from 1 to 28 form part of these financial statements.

United Fidelity Insurance Company (P.S.C.)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	2023	*Restated* 2022
	AED	AED
(Loss) / profit for the year	**(17,431,932)**	3,648,705
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Net change in fair value of equity investments designated at FVTOCI	**11,569,035**	1,911,188
Gain on sale of equity instruments designated at FVTOCI	**3,965,665**	-
Items that will be reclassified subsequently to profit or loss:		
Net realised gain on disposal of FVTOCI investments transferred to statement of profit or loss	-	(22,400,086)
Total other comprehensive income / (loss) for the year	**15,534,700**	(20,488,898)
Total comprehensive loss for the year	**(1,897,232)**	(16,840,193)

The attached explanatory notes from 1 to 28 form part of these financial statements.

United Fidelity Insurance Company (P.S.C.)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2023

	Share capital AED	Statutory reserve AED	General reserve AED	Reinsurance reserve AED	Cumulative change in fair value of FVTOCI investments AED	Accumulated losses AED	Total equity AED
Balance at 1 January 2022, as previously reported	100,000,000	1,307,173	1,119,524	1,740,629	13,867,416	(17,441,337)	100,593,405
Adjustment on initial application of IFRS 17	-	-	-	-	-	(6,873,163)	(6,873,163)
Restated balance at 1 January 2022	100,000,000	1,307,173	1,119,524	1,740,629	13,867,416	(24,314,500)	93,720,242
Profit for the year (restated)	-	-	-	-	-	3,648,705	3,648,705
Other comprehensive loss for the year	-	-	-	-	(20,488,898)	-	(20,488,898)
Total comprehensive loss for the year	-	-	-	-	(20,488,898)	3,648,705	(16,840,193)
Shares issued during the year	60,000,000	-	-	-	-	-	60,000,000
Transaction cost on issue of share	-	-	(672,000)	-	-	-	(672,000)
Transfer to reinsurance reserve	-	-	-	1,248,747	-	(1,248,747)	-
Transfer to statutory reserve	-	68,322	-	-	-	(68,322)	-
Balance at 31 December 2022	160,000,000	1,375,495	447,524	2,989,376	(6,621,482)	(21,982,864)	136,208,049
Balance at 1 January 2023, as previously reported	**160,000,000**	**1,375,495**	**447,524**	**2,989,376**	**(6,621,482)**	**(18,075,189)**	**140,115,724**
Adjustment on initial application of IFRS 17	-	-	-	-	-	(3,907,676)	(3,907,676)
Restated balance as at 1 January 2023	**160,000,000**	**1,375,495**	**447,524**	**2,989,376**	**(6,621,482)**	**(21,982,865)**	**136,208,048**
Loss for the year	-	-	-	-	-	(17,431,932)	(17,431,932)
Other comprehensive income for the year	-	-	-	-	11,569,035	3,965,665	15,534,700
Total comprehensive loss for the year	-	-	-	-	11,569,035	(13,466,267)	(1,897,232)
Transfer to reinsurance reserve	-	-	-	1,812,650	-	(1,812,650)	-
Transfer to accumulated losses on sale of equity instruments designated at FVTOCI	-	-	-	-	(958,643)	958,643	-
Balance at 31 December 2023	**160,000,000**	**1,375,495**	**447,524**	**4,802,026**	**3,988,910**	**(36,303,139)**	**134,310,816**

The attached explanatory notes from 1 to 28 form part of these financial statements.

United Fidelity Insurance Company (P.S.C.)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 AED	*Restated* 2022 AED
Cash flows from operating activities			
(Loss) / profit for the year		**(17,431,932)**	3,648,705
Adjustments for:			
Depreciation of property and equipment	5	**5,326,599**	4,298,369
Change in fair value for investments at FVTPL	7	**528,029**	8,085,716
Investment income		**(18,335,359)**	(32,272,017)
Expected credit loss		**2,348,004**	402,716
Interest expense on lease liability		**727,156**	600,588
Provision for employees' end of service indemnity	18	**978,192**	1,009,197
Operating cash flows before changes in working capital		**(25,859,311)**	(14,226,726)
Changes in working capital:			
Other receivables, and prepayments		**(454,833)**	(3,609,225)
Reinsurance contract assets (insurance contract assets)		**(64,603,341)**	(111,611,395)
Reinsurance contract liabilities (insurance contract liabilities)		**122,831,592**	120,299,334
Other payables		**1,368,002**	1,161,863
Cash generated from / (used in) operations		**33,282,109**	(7,986,149)
Employees end of service indemnity paid	18	**(643,605)**	(235,669)
Net cash generated from / (used in) operating activities		**32,638,504**	(8,221,818)
Cash flows from investing activities			
Purchase of property and equipment		**(642,768)**	(2,153,998)
Net movement in fixed deposits		**10,000,000**	9,000,000
Proceeds from disposal of investments at FVTOCI		**90,125,468**	116,306,592
Purchase of investments at FVTOCI		**(66,038,520)**	(138,353,414)
Interest received		**6,458,099**	1,990,966
Proceeds from disposal of investments at FVTPL		**29,276,218**	21,972,162
Purchase of investments at FVTPL		**(82,003,515)**	(67,882,451)
Dividend received from investments at FVTOCI	22	**9,790,357**	7,424,974
Income received from investment properties		**1,739,060**	1,436,967
Net cash used in investing activities		**(1,295,601)**	(50,258,202)
Cash flows from financing activities			
Proceeds from issuance of share capital		**-**	60,000,000
Payment of transaction charges towards rights issue		**-**	(672,000)
Interest paid on lease liability		**(727,157)**	(600,588)
Payment of lease liability		**(3,123,446)**	(3,510,096)
Net cash (used in) / generated from financing activities		**(3,850,603)**	55,217,316
Net increase in cash and cash equivalents		**27,492,300**	(3,262,704)
Cash and cash equivalents at beginning of the year		**35,736,058**	38,998,762
Cash and cash equivalents at end of the year	12	**63,228,358**	35,736,058
Non-cash transactions not included in the cash flows:			
Addition to right to use of assets and lease liability	5	**1,396,211**	14,462,356
Adjustment on termination to right to use assets	5	**(7,906,827)**	-
Adjustment on termination to lease liability		**(8,652,952)**	-

The attached explanatory notes from 1 to 28 form part of these financial statements.

1 Legal status and activities

United Fidelity Insurance Company (P.S.C.) (the "Company) is a public shareholding company, and was registered in the Emirate of Ras Al Khaimah by Emiri decree No. 13/76 issued by the ruler of Ras Al Khaimah on 15 September 1976, which was amended by the Emiri decree No. 10/77 issued on 15 December 1977. The Company is subject to the regulations of the UAE Federal Law No. 32 of 2021 and the UAE Federal Law No. 48 of 2023 relating to commercial companies in the UAE and is registered in the Insurance Companies Register of Central Bank of the United Arab Emirates under registration number 8.

The Company is domiciled in the United Arab Emirates, during the year the Company changed its registered office address to Abu Dhabi located at Office 407, Bloom Central Building, Airport Road, Al Manhal, Al Tibbiya, PO Box no: 721, Abu Dhabi, United Arab Emirates. The Company's ordinary shares are listed on Abu Dhabi Securities Exchange, United Arab Emirates. The principal activity of the Company is the writing of all classes of general and life insurance. The Company operates through its Head Office in Dubai and branch offices in Abu Dhabi, Ras Al Khaimah, Sharjah and Fujairah.

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

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

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

New and revised IFRSs and interpretations applied on the financial statements

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

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

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

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
IAS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024
IAS 7	Supplier Finance Arrangements	1 January 2024
IAS 21	lack of Exchangeability	1 January 2025

3 Statement of compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by International Accounting Standard Board (IASB) and interpretations thereof issued by the IFRS Interpretations Committee ("IFRS IC") and in compliance with the applicable requirements of the United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. 48 of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Financial Regulations for Insurance Companies issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations. The company is not in compliance with the solvency requirements for CBUAE as disclosed in note 27.

Accounting convention

These financial statements are prepared under the historical cost convention except for the measurement at fair value of financial assets and investment properties which are carried at fair value. The financial statements have been presented in UAE Dirhams (AED) except when otherwise indicated.

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

4 Material accounting policies

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

IFRS 17 Insurance Contracts

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

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

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

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company. Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)

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

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

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

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

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

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

Changes to presentation and disclosure

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

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

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

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Changes to presentation and disclosure (continued)

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

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

Instead, IFRS 17 requires separate presentation of:

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

The Company provides disaggregated qualitative and quantitative information about:

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

Transition

The Company has applied IFRS 17 from financial reporting periods commencing on 1 January 2023 with the date of transition from IFRS 4 being 1 January 2022. The Company has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date.The table below summarises the impact of initial application of IFRS 17 as at 1 January 2022:

	As previously reported AED'000	Effect of application of IFRS 17 AED'000	*Restated* AED'000
ASSETS			
Insurance and reinsurance receivables	88,662,920	(88,662,920)	-
Insurance contract asset	145,545,360	(145,545,360)	-
Reinsurance contract asset	-	53,309,337	53,309,337
Prepayments and other assets	2,601,474	-	2,601,474
Other receivables	-	2,037,619	2,037,619
Deferred acquisition costs	28,852,761	(28,852,761)	-
LIABILITIES			
Insurance contract liabilities	298,483,026	(70,673,022)	227,810,004
Reinsurance contract liabilities	-	13,972,165	13,972,165
Insurance and reinsurance payables	141,401,827	(141,401,827)	-
Other liabilities and provision	9,211,665	6,295,411	15,507,076
Deferred commission income	9,033,649	(9,033,649)	-
EQUITY			
Retained earnings and reserve	(17,441,337)	(6,873,163)	(24,314,500)

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts classification

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

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately.

Level of Aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

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

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

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Level of Aggregation (continued)

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

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

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

Recognition

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

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

Contract boundary

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

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

Both of the following criteria are satisfied:

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

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

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Level of Aggregation (continued)

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

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

Or

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

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the year before a claim is incurred. Variability in the fulfilment cash flows increases with:

- The extent of future cash flows related to any derivatives embedded in the contracts.
- The length of the coverage year of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed, plus or minus any amount arising from the derecognition at that date of the asset or liability recognised for insurance acquisition cash flows that the Company pays or receives before the group of insurance contracts is recognised. There is no allowance for time value of money as the premiums are mostly received within one year of the coverage year.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues, however, adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting year as the liability for remaining coverage at the beginning of the year:

- Plus premiums received in the year;
- Minus capitalised insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting year for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the coverage year; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims.

Insurance acquisition cash flows are allocated on a straight-line basis to statement of profit or loss.

Reinsurance contracts

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired);

Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of groups of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts issued.

The Company disaggregates the total amount recognised in the statement of statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

4 Material accounting policies (continued)

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

IFRS 17 Insurance Contracts (continued)

Presentation (continued)

The Company disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively. The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts where revenue is recognised based on expected timing of incurred insurance service expenses.

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. The Company reassess this on quarterly basis and if at quarter end, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage year of the group of contracts the loss component will be zero.

Insurance finance income and expense

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

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

The Company do not disaggregate insurance finance income or expenses between statement of profit or loss and statement of other comprehensive income.

Net income or expense from reinsurance contracts held

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

Classification of insurance contracts

Contracts issued by the Company are generally short term, with some of the liability policies being over a year. The Company uses Premium Allocation Approach (PAA) for all insurance contracts supported by the PAA Eligibility test. Certain long term policies related to the liability business are also covered by the PAA approach as the difference of LFRC between PAA and GMM approach at policy inception is not material.

The Company writes the following types of insurance contracts (i.e) marine hull insurance, marine cargo insurance, aviation insurance, engineering and construction insurance, liability insurance, financial lines insurance property insurance, personal accident insurance, group life insurance, motor insurance , medical insurance and other personal lines.

Products are reviewed by the business units on a quarterly basis to confirm, or otherwise, that pricing assumptions remain appropriate. Analysis is performed on earnings and liability movements to understand the source of any material variation in actual results from what was expected. This confirms the appropriateness of assumptions used in underwriting and pricing.

4 Material accounting policies (continued)

IFRS 9 Financial instruments

Recognition, initial measurement and derecognition

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

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

Classification and subsequent measurement of financial assets

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

Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

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

Fair value measurement

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

4 Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

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

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

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

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

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

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

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

Equity instruments at FVTOCI

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

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

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

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

4 Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

Financial assets at FVTPL

Financial assets at FVTPL are:

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

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

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

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

Impairment

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

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

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

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

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

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

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

4 Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

Impairment (continued)

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

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

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

(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

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

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

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

Measurement of ECL

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

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

Credit impaired financial assets

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

4 Material accounting policies (continued)

IFRS 9 Financial instruments (continued)

Derecognition of financial assets

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

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of property and equipment. The following estimated useful lives are applied:

• Furniture and equipment	5-10 years
• Computers and office equipment	2-5 years
• Motor vehicles	4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their value less costs to sell and their value in use.

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.

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.

Capital work in progress

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.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

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

4 Material accounting policies (continued)

Investment properties (continued)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. (refer Note 6 for valuation techniques and inputs).

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use asset is determined on the same basis as those of lease contract period. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Employee benefits

Annual leave and leave passage.

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

Provision for employees' end of service indemnity

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

4 Material accounting policies (continued)

Defined contribution plan

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

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.

Judgements and estimates

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

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

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

The measurement of ECL is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on the credit loss allowance for debt instruments carried at amortised cost, FVTOCI investments, bank balances and fixed deposits: definition of default, significant increase in credit risk, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD") and the historical loss experience per ageing bucket has the major impact on the credit loss allowance for Insurance and other receivables. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on recent arm's length market transactions, current fair value of another instrument that is substantially the same, the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or other valuation models.

Fair value of investment properties

Determining the fair value requires an estimation of future cash flows expected to arise from the investment properties, a suitable growth rate, expected occupancy and a suitable discount rate in order to calculate the present value. It is reasonably possible on the basis of the existing knowledge that outcomes within next financial year that are different from estimates made could require material adjustment to the fair value of the investment properties.

Insurance and reinsurance contracts

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

Liability for remaining coverage

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

4 Material accounting policies (continued)

Judgements and estimates (continued)

***Liability for remaining coverage* (continued)**

The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to statement of income on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. For the marine and personal insurance product lines, the Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Liability for incurred claims

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

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

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

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

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

Discount rates

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

	1 year		3 years		5 years		10 years	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Personal accident, marine and property contracts issued								
USD	**5.97%**	6.44%	**5.15%**	5.63%	**4.89%**	5.32%	**4.79%**	5.12%
AED	**6.72%**	5.59%	**5.90%**	4.78%	**5.63%**	4.47%	**5.54%**	4.27%

4 Material accounting policies (continued)

Judgements and estimates (continued)

Discount rates (continued)

Liability reinsurance contracts issued

	1 year		3 years		5 years		10 years	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
USD	**5.97%**	6.44%	**5.15%**	5.63%	**4.89%**	5.32%	**4.79%**	5.12%
AED	**6.72%**	5.59%	**5.90%**	4.78%	**5.63%**	4.47%	**5.54%**	4.27%

Risk adjustment for non-financial risk

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

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 65th percentile for motor and medical lines of business and 70th percentile for the others. 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.

5 Property and Equipment

	2023 AED	2022 AED
Capital work in progress (Note 5.1)	**120,811**	791,273
Operating assets (Note 5.2)	**11,645,602**	22,169,587
	11,766,413	22,960,860

5.1 Capital work in progress includes amount of AED 120,811 (2022: AED 791,273) mainly towards costs incurred on leasehold improvements and computers and office equipment. Below is the movement of capital work in progress.

	2023 AED	2022 AED
Opening capital work in progress	**791,273**	810,688
Add: additions during the year	**252,280**	1,291,569
Less: capitalised during the year	**(922,742)**	(1,310,984)
Closing capital work in progress	**120,811**	791,273

5 Property and equipment (continued)

5.2 Operating assets

	Furniture and equipment AED	Computers and office equipment AED	Motor vehicles AED	Right to use assets AED	Total AED
Cost:					
At 1 January 2023	5,561,028	4,476,290	128,977	22,882,650	33,048,945
Additions during the year	45,552	344,936	-	1,396,211	1,786,699
Adjustment due to termination during the year	-	-	-	(12,330,470)	(12,330,470)
Transferred from capital work in progress (note 5.1)	858,202	64,540	-	-	922,742
At 31 December 2023	6,464,782	4,885,766	128,977	11,948,391	23,427,916
Depreciation:					
At 1 January 2023	1,713,200	3,347,941	128,977	5,689,240	10,879,358
Charge for the year	753,631	521,436	-	4,051,532	5,326,599
Adjustment due to termination during the year	-	-	-	(4,423,643)	(4,423,643)
At 31 December 2023	2,466,831	3,869,377	128,977	5,317,129	11,782,314
Net carrying amount:					
At 31 December 2023	3,997,951	1,016,389	-	6,631,262	11,645,602

The table below describes nature of the Company's leasing activities by type of right to use asset recognised as per the detailed movement of operating assets:

Right to use asset description	Number of right to use assets leased	Remaining term	Number of leases with extension option	Number of leases with purchase option	Number of leases with variable payments	Number of leases with termination option
Office premises	4	1-5 years	-	-	-	-

5 Property and equipment (continued)

5.2 Operating assets (continued)

	Furniture and equipment AED	Computers and office equipment AED	Motor vehicles AED	Right to use assets AED	Total AED
Cost:					
At 1 January 2022	3,978,950	3,884,955	128,977	8,420,294	16,413,176
Additions during the year	408,184	454,245	-	14,462,356	15,324,785
Transferred from capital work in progress (note 5.1)	1,173,894	137,090	-	-	1,310,984
At 31 December 2022	5,561,028	4,476,290	128,977	22,882,650	33,048,945
Depreciation:					
At 1 January 2022	1,109,406	2,841,846	118,469	2,511,268	6,580,989
Charge for the year	603,794	506,095	10,508	3,177,972	4,298,369
At 31 December 2022	1,713,200	3,347,941	128,977	5,689,240	10,879,358
Net carrying amount:					
At 31 December 2022	3,847,828	1,128,349	-	17,193,410	22,169,587

6 Investment Properties

	2023 AED	2022 AED
Balance at the beginning of the year	**46,783,999**	46,799,999
Changes in fair value during the year (note 22)	**(144,000)**	(16,000)
Balance at the end of the year	**46,639,999**	46,783,999

The fair value of the Company's investment properties as at 31 December 2023 has been arrived at on the basis of valuation carried on 31 December 2023 by two independent valuers who have appropriate qualifications and recent market experience in the valuation properties in the United Arab Emirates.

The fair value was determined based on the discounted cashflow method and income capitalisation method. In capitalisation of net income method, the market rentals of all lettable units are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar property in the area. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers of similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to respective properties. Discounted cashflow method derives value by discounting future cash flows based on prevailing micro market conditions in the vicinity of the asset.

The fair values of all the investment properties were determined based on unobservable inputs (i.e. level 3).The rental income and operating expenses relating to these properties are as follows :

	2023 AED	2022 AED
Rental income	**2,594,542**	2,050,348
Operating expenses	**(711,482)**	(613,393)
Net rental income	**1,883,060**	1,436,955

7 Financial investments

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

	2023 AED	2022 AED
Financial assets at fair value through other comprehensive income	**113,580,481**	122,132,728
Financial assets at fair value through profit and loss	**155,987,108**	103,295,993
	269,567,589	225,428,721

Investments at fair value through other comprehensive income (FVTOCI)

	2023 AED	2022 AED
Inside UAE	**113,233,171**	121,782,329
Outside UAE	**347,310**	350,399
	113,580,481	122,132,728

7 Financial investments (continued)

Investments at fair value through other comprehensive income (FVTOCI) (continued)

Movements in financial investments

The gross movements in equity investments at FVTOCI is as follows:

	2023 AED	2022 AED
Opening balance	**122,132,728**	99,900,850
Purchased during the year	**66,038,520**	138,353,415
Sold during the year	**(86,159,802)**	(118,032,725)
Changes in fair value during the year	**11,569,035**	1,911,188
Closing balance	**113,580,481**	122,132,728

Investments at fair value through profit or loss (FVTPL)

	2023 AED	2022 AED
Unquoted equity securities – outside UAE	**2,279,007**	2,312,827
Unquoted mutual fund units – outside UAE	**102,816,962**	46,065,066
Unquoted investments in real estate fund – outside UAE	**50,891,139**	44,577,750
Quoted bonds – outside UAE	**-**	7,102,307
Quoted structured products – outside UAE	**-**	3,238,043
	155,987,108	103,295,993

The gross movements in investments at FVTPL is as follows:

	2023 AED	2022 AED
Opening balance	**103,295,993**	64,710,250
Purchased during the year	**82,003,515**	67,882,451
Sold during the year	**(28,784,371)**	(21,210,993)
Changes in fair value during the year (note 22)	**(528,029)**	(8,085,715)
Closing balance	**155,987,108**	103,295,993

8 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of the Company's financial assets that are measured at fair value on recurring basis.
Table in the next page provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

8 Fair value of financial instruments (continued)

	2023 AED	2022 AED	*Fair value hierarchy*	*Valuation techniques and key inputs*
Investments in FVTOCI				
Quoted investments	**113,580,481**	122,132,728	Level 1	Quoted bid prices in an active market
Investments at FVTPL				
Quoted investments	**-**	10,340,350	Level 1	Quoted bid prices in an active market
Unquoted investments	**155,987,108**	92,955,643	Level 3	Net assets valuation method

There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Reconciliation of level 3 fair value measurement of financial assets measured at fair value:

	2023 AED	2022 AED
Opening balance	**92,955,643**	52,777,926
Purchase during the year	**82,003,515**	56,555,798
Sold during the year	**(18,261,963)**	(9,903,520)
Changes in fair value during the year	**(710,087)**	(6,474,561)
Closing balance	**155,987,108**	92,955,643

9 Insurance and reinsurance contracts

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

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

Contracts measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		
2023	Excluding loss component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
Insurance contract liabilities as at 1 January	**48,545,673**	**11,492,744**	**264,488,072**	**16,003,261**	**340,529,750**
Insurance revenue	**(566,162,066)**	**-**	**-**	**-**	**(566,162,066)**
Insurance service expenses	**107,194,291**	**9,383,402**	**446,322,380**	**(2,305,773)**	**560,594,300**
Incurred claims and other expenses	**-**	**-**	**441,078,140**	**12,883,733**	**453,961,873**
Amortisation of insurance acquisition cash flows	**107,194,291**	**-**	**-**	**-**	**107,194,291**
Losses on onerous contracts and reversals	**-**	**9,383,402**	**-**	**-**	**9,383,402**
Changes to liabilities for incurred claims	**-**	**-**	**5,244,240**	**(15,189,506)**	**(9,945,266)**
Insurance service result	**(458,967,775)**	**9,383,402**	**446,322,380**	**(2,305,773)**	**(5,567,766)**
Insurance finance expense	**-**	**-**	**6,773,662**	**-**	**6,773,662**
Total changes in the statement of comprehensive income	**(458,967,775)**	**9,383,402**	**453,096,042**	**(2,305,773)**	**1,205,896**
Cash flows					**-**
Premiums received	**654,946,688**	**-**	**-**	**-**	**654,946,688**
Claims and other expenses paid	**-**	**-**	**(412,933,612)**	**-**	**(412,933,612)**
Insurance acquisition cash flows	**(118,250,195)**	**-**	**-**	**-**	**(118,250,195)**
Total cash flows	**536,696,493**	**-**	**(412,933,612)**	**-**	**123,762,881**
Net insurance contract liabilities as at 31 December	**126,274,391**	**20,876,146**	**304,650,502**	**13,697,488**	**465,498,527**
2022 *(restated)*					
Insurance contract liabilities as at 1 January	61,291,587	7,261,983	154,227,009	5,029,425	227,810,004
Insurance revenue	(395,123,034)	-	-	-	(395,123,034)
Insurance service expenses	71,261,490	4,230,761	365,152,763	10,973,836	451,618,850
Incurred claims and other expenses	-	-	380,876,237	19,362,449	400,238,686
Amortisation of insurance acquisition cash flows	71,261,490	-	-	-	71,261,490
Losses on onerous contracts and reversals	-	4,230,761	-	-	4,230,761
Changes to liabilities for incurred claims	-	-	(15,723,474)	(8,388,613)	(24,112,087)
Insurance service result	(323,861,544)	4,230,761	365,152,763	10,973,836	56,495,816
Insurance finance income	-	-	(5,291,370)	-	(5,291,370)
Total changes in the statement of comprehensive income	(323,861,544)	4,230,761	359,861,393	10,973,836	51,204,446
Cash flows					-
Premiums received	385,965,965	-	-	-	385,965,965
Claims and other expenses paid	-	-	(249,600,330)	-	(249,600,330)
Insurance acquisition cash flows	(74,850,335)	-	-	-	(74,850,335)
Total cash flows	311,115,630	-	(249,600,330)	-	61,515,300
Net insurance contract liabilities as at 31 December	48,545,673	11,492,744	264,488,072	16,003,261	340,529,750

9 Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA

2023	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
Reinsurance contract assets as at 1 January	(19,697,040)	3,276,163	157,183,982	9,703,745	150,466,850
Reinsurance contract liabilities as at 1 January	(8,600,444)	-	1,032,589	67,253	(7,500,602)
Net reinsurance contract (liabilities)/assets	(28,297,484)	3,276,163	158,216,571	9,770,998	142,966,248
Allocation of reinsurance premiums	(311,311,919)		-	-	(311,311,919)
Amounts recoverable from reinsurers for incurred claims	-	4,163,071	268,225,803	722,912	273,111,786
Amounts recoverable for incurred claims and other expenses	-	-	269,343,124	11,804,207	281,147,331
Loss-recovery on onerous underlying contracts and adjustments	-	4,163,071	-	-	4,163,071
Changes to amounts recoverable for incurred claims	-	-	(1,117,321)	(11,081,295)	(12,198,616)
Net income or expense from reinsurance contracts	(311,311,919)	4,163,071	268,225,803	722,912	(38,200,133)
Reinsurance finance income	-	-	4,701,969	-	4,701,969
Total changes in the statement of comprehensive income	(311,311,919)	4,163,071	272,927,772	722,912	(33,498,164)
Cash flows					-
Premiums paid	347,489,235	-	-	-	347,489,235
Amounts received	-	-	(249,598,551)	-	(249,598,551)
Total cash flows	347,489,235	-	(249,598,551)	-	97,890,684
Net reinsurance contract assets/(liabilities) as at 31 December					
Reinsurance contract assets as at 31 December	15,456,330	7,439,234	179,427,908	10,477,701	212,801,173
Reinsurance contract liabilities as at 31 December	(7,576,498)	-	2,117,884	16,209	(5,442,405)
Net reinsurance contract assets as at 31 December	7,879,832	7,439,234	181,545,792	10,493,910	207,358,768

9 Insurance and reinsurance contracts (continued)

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

Contracts measured under the PAA (continued)

2022 (restated)	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component AED	Loss component AED	Estimates of the present value of future cash flows AED	Risk adjustment AED	Total AED
Reinsurance contract assets as at 1 January	11,017,473	606,082	39,561,079	2,124,703	53,309,337
Reinsurance contract liabilities as at 1 January	(33,975,416)	379,406	19,030,637	593,208	(13,972,165)
Net reinsurance contract (liabilities)/assets	(22,957,943)	985,488	58,591,716	2,717,911	39,337,172
An allocation of reinsurance premiums	(202,061,881)	-	-	-	(202,061,881)
Amounts recoverable from reinsurers for incurred claims	-	2,290,675	226,445,765	7,053,087	235,789,527
Amounts recoverable for incurred claims and other	-	-	230,794,494	12,208,880	243,003,374
Loss-recovery on onerous underlying contracts and	-	2,290,675	-	-	2,290,675
Changes to amounts recoverable for incurred claims	-	-	(4,348,729)	(5,155,793)	(9,504,522)
Net income or expense from reinsurance contracts held	(202,061,881)	2,290,675	226,445,765	7,053,087	33,727,646
Reinsurance finance income	-	-	(3,717,546)	-	(3,717,546)
Investment components and premium refunds	-	-	-	-	-
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(202,061,881)	2,290,675	222,728,219	7,053,087	30,010,100
Cash flows					
Premiums paid	196,722,340	-	-	-	196,722,340
Amounts received	-	-	(123,103,364)	-	(123,103,364)
Total cash flows	196,722,340	-	(123,103,364)	-	73,618,976
Net reinsurance contract assets/(liabilities) as at 31 December					
Reinsurance contract assets as at 31 December	(19,697,040)	3,276,163	157,183,982	9,703,745	150,466,850
Reinsurance contract liabilities as at 31 December	(8,600,444)	-	1,032,589	67,253	(7,500,602)
Net reinsurance contract assets/(liabilities) as at 31 December	(28,297,484)	3,276,163	158,216,571	9,770,998	142,966,248

9 Insurance and reinsurance contracts (continued)

Claims development table:

The following table reflects the cumulative gross incurred claims for each successive accident year at each statement of financial position date, together with cumulative payments to date:

Restated	2016 and prior AED	2017 AED	2018 AED	2019 AED	2020 AED	2021 AED	2022 AED	2023 AED	Total AED
At the end of each reporting year	-	44,909,312	68,767,049	124,181,955	186,449,228	236,709,572	324,902,179	420,537,183	420,537,183
One year later	67,984,550	47,871,192	69,780,235	132,428,070	190,633,629	250,954,971	350,202,379	-	350,202,379
Two years later	62,175,594	47,864,901	68,789,796	130,871,951	192,775,597	249,876,659	-	-	249,876,659
Three years later	44,174,804	48,272,981	66,775,558	128,984,369	194,807,476	-	-	-	194,807,476
Four years later	40,853,429	46,927,465	66,603,968	127,531,059	-	-	-	-	127,531,059
Five years later	37,219,383	45,827,569	66,461,065	-	-	-	-	-	66,461,065
Six years later	35,323,314	45,830,819	-	-	-	-	-	-	45,830,819
Seven years later	35,759,655	-	-	-	-	-	-	-	35,759,655
Estimate of cumulative claims	35,759,655	45,830,819	66,461,065	127,531,059	194,807,476	249,876,659	350,202,379	420,537,183	1,491,006,295
Cumulative payments to date	35,309,865	45,119,299	66,252,213	125,435,034	186,086,972	233,426,496	282,184,317	277,067,597	1,250,881,793
Unallocated loss adjustment expense reserve								1,477,817	1,477,817
Claims payable	134,563	212,864	62,482	627,063	2,608,895	4,921,362	20,348,831	43,363,633	72,279,693
Total gross undiscounted liabilities for incurred claims	**584,353**	**924,384**	**271,334**	**2,723,088**	**11,329,399**	**21,371,525**	**88,366,893**	**188,311,036**	**313,882,012**
Effect of discounting	-	-	-	-	-	-	-	-	**(9,231,510)**
Total discounted gross reserves included in the statement of financial position	-	-	-	-	-	-	-	-	**304,650,502**
Risk Adjustments	-	-	-	-	-	-	-	-	**13,697,488**

10 Prepayments and other assets

	2023 AED	2022 AED
Accrued income	**2,522,266**	1,266,144
Advances to employees	**868,554**	707,321
Prepayments	**634,328**	486,168
Security deposits	**343,102**	464,280
Others	**171,042**	445,489
	4,539,292	3,369,402

11 Statutory Deposits

As at 31 December 2023, deposit of AED 10,000,000 (2022: AED 10,000,000) has been placed with one of the Company's bank account in accordance with UAE Federal Law No. 48 of 2023 (previously Federal Law No.6 of 2007). This deposit has been pledged to the bank as security against a guarantee issued by the bank in favor of the Central Bank of the United Arab Emirates ("CBUAE") for the same amount. This deposit cannot be withdrawn without prior approval of the Central Bank of the United Arab Emirates and bears an interest rate of 4.90% per annum (2022: 4.23% per annum).

12 Bank balances and cash

Bank balances and cash comprise the following statement of financial position amounts:

All balances are held in United Arab Emirates. The annual rate of fixed deposits is 4.9% to 5.00% (2022: 2.27% to 4.23%).

Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the financial items in the statement of financial position as follows:

	2023 AED	2022 AED
Bank balances and cash	**76,228,358**	58,736,058
Bank deposits with maturity over 3 months	**(13,000,000)**	(23,000,000)
Cash and cash equivalents	**63,228,358**	35,736,058

13 Share capital

	2023 AED	2022 AED
Issued and fully paid:		
160,000,000 ordinary shares of AED 1 each	**160,000,000**	160,000,000

14 Statutory reserve

In accordance with the UAE Federal Decree Law No. 32 of 2021, the Company has established a statutory reserve by appropriation of 5% of the Company's net profit for each year which will be increased until the reserve equals 50% of the share capital. This reserve is not available for distribution, except as stipulated by the Law. During the year no amount was transferred to the reserve as a result of net losses incurred (2022: AED 68,322).

15 General reserve

The general reserve is established through transfers from profit for the year as recommended by the Board of Directors' and approved by the Shareholders' at the Annual General Meeting. The reserve is distributable based on a recommendation by the Board of Directors', approved by a Shareholders' resolution. During the year, no transfers were made to general reserves. In the previous year, transaction costs for the share issue amounted to AED 672,000 have been recorded in the general reserve.

16 Reinsurance reserve

In accordance with Central Bank of the United Arab Emirates' Board of Directors' Decision No. 23 of 2019, Article 34, an amount of AED 1,812,650 (2022: 1,248,747) based on the reinsurance share of premium at a rate of 0.5% was transferred from retained earnings to reinsurance reserve. The reserve is not available for distribution, and will not be disposed of without prior approval from Central Bank of the United Arab Emirates.

17 Basic and diluted (loss)/ earning per share

	2023 AED	*Restated* 2022 AED
(Loss) / profit for the year	**(17,431,932)**	3,648,705
Weighted average number of shares	**160,000,000**	123,076,923
(Loss) / earnings per share	**(0.109)**	0.030

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

18 Employees' end of service benefits

Movements in the provision recognised in the statement of financial position are as follows:

	2023 AED	2022 AED
Provision as at 1 January	**4,149,775**	3,376,247
Provided during the year	**978,192**	1,009,197
End of service benefits paid	**(643,605)**	(235,669)
Provision as at 31 December	**4,484,362**	4,149,775

19 Lease liabilities

The Company has leases for the office premises within UAE as at 31 December 2023. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right to use asset and a lease liability. The Company classifies its right to use assets in a consistent manner to its property and equipment. Future minimum lease payments as at 31 December 2023 were as mentioned below:

	Within 1 year AED	1-5 years AED	After 5 years AED	Total AED
31 December 2023				
Lease payments	**1,939,136**	**6,170,841**	**-**	**8,109,977**
Finance charges	**(341,949)**	**(580,523)**	**-**	**(922,472)**
Net present values	**1,597,187**	**5,590,318**	**-**	**7,187,505**

19 Lease liabilities (continued)

	Within 1 year AED	1-5 years AED	After 5 years AED	Total AED
31 December 2022				
Lease payments	4,650,433	13,839,222	788,966	19,278,621
Finance charges	(656,241)	(1,043,896)	(10,792)	(1,710,929)
Net present values	3,994,192	12,795,326	778,174	17,567,692

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right to use asset and lease liability, the payments in relation to these are recognised as an expense in statement of profit or loss on a straight-line basis over the lease term. Operating lease payments represent rentals payable by the Company for its branch offices.

20 Other payable

	2023 AED	2022 AED
Accrued expenses	**6,004,379**	4,918,167
VAT payables	**6,053,024**	3,866,389
Other payables	**4,688,046**	5,846,763
	16,745,449	14,631,319

21 Insurance service expense

	2023 AED	*Restated* 2022 AED
Incurred claims and other expenses	**426,248,815**	371,266,979
Amortisation of insurance acquisition cash flows	**107,194,291**	71,261,490
Losses on onerous contracts and reversals of those losses	**9,383,402**	4,230,761
Changes to liabilities for incurred claims	**(9,945,266)**	(24,112,087)
Acquisition cash flows recognised when incurred	**27,713,058**	28,971,707
Insurance service expense	**560,594,300**	451,618,850

Social contributions during the year ended 31 December 2023 amounted to AED 185,848 (31 December 2022: AED 202,031).

22 Total investment income and net insurance financial result

	2023 AED	*Restated* 2022 AED
Rental income from investment properties	**2,594,542**	2,050,348
Loss on property revaluation (note 6)	**(144,000)**	(16,000)
Investment property expenses	**(711,482)**	(613,393)
Income from investment property - net	**1,739,060**	1,420,955
Interest on fixed deposits	**1,379,056**	866,472
Gain on disposal of investments at FVTOCI	**-**	20,673,954
Gain on disposal of investments at FVTPL	**491,846**	761,168
Dividend income - investments at FVTOCI	**5,224,696**	4,871,085
Dividend income - investments at FVTPL	**4,565,661**	2,553,889
Interest income from bonds	**5,079,042**	1,124,493
Other investment expenses	**(241,218)**	(269,951)
Loss in fair value of investments FVTPL (note 7)	**(528,029)**	(8,085,715)
Net Investment Income	**17,710,114**	23,916,350

Insurance and reinsurance finance income and expense

For the year ended 31 December	**2023 AED**	*Restated* 2022 AED
Finance (expenses) / income from insurance contracts issued	**(6,773,662)**	5,291,370
Finance income /(expenses) from reinsurance contracts held	**4,701,969**	(3,717,546)
Net insurance finance (expenses) / income	**(2,071,693)**	1,573,824

23 Related party transactions

Related parties represent, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Company's management. At the end of the year, significant balances due from related parties are as follows:

	2023 AED	2022 AED
Affiliates of major shareholders:		
Due to related parties (insurance contract liabilities)	**(8,345,460)**	(6,378,497)
Liability for incurred claims	**(5,229,550)**	(8,828,742)
Other payables/receivables	**548,966**	(4,305)

Transactions

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

	2023 AED	2022 AED
Affiliates of major shareholders:		
Insurance revenue	**22,774,507**	11,729,585
Insurance service expenses	**(21,650,894)**	(9,197,465)
Net expenses from reinsurance contracts held	**(10,090,073)**	(4,845,891)
Employee benefits to key management personnel	**3,168,135**	3,205,720

24 Segment Information

For management purposes, the Company is organized into three business segments commercial, consumer and employee benefits (medical and group Life). The commercial insurance segment comprises engineering, marine, property, liability and casualty and consumer segment comprises of motor, pet, travel and others. These segments are the basis on which the Company reports its primary segment information. Segment-wise information is disclosed below:

31 December 2023

	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance revenue	139,535,685	115,970,506	310,655,875	566,162,066
Insurance service expenses	(96,810,884)	(144,246,223)	(319,537,193)	(560,594,300)
Insurance service result before reinsurance contracts held	42,724,801	(28,275,717)	(8,881,318)	5,567,766
Amounts recoverable from reinsurance	52,968,854	22,157,033	197,985,899	273,111,786
Allocation of reinsurance premiums	(91,988,382)	(22,850,640)	(196,472,897)	(311,311,919)
Net expenses from reinsurance contracts held	(39,019,528)	(693,607)	1,513,002	(38,200,133)
Insurance Service Result	3,705,273	(28,969,324)	(7,368,316)	(32,632,367)

31 December 2022 (Restated)

	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance revenue	114,441,709	95,032,680	185,648,645	395,123,034
Insurance service expenses	(158,646,988)	(100,509,532)	(192,462,330)	(451,618,850)
Insurance service result before reinsurance contracts held	(44,205,279)	(5,476,852)	(6,813,685)	(56,495,816)
Amounts recoverable from reinsurance	111,500,768	12,660,479	111,628,280	235,789,527
Allocation of reinsurance premiums	(74,097,468)	(12,363,273)	(115,601,140)	(202,061,881)
Net expenses from reinsurance contracts held	37,403,300	297,206	(3,972,860)	33,727,646
Insurance service result	(6,801,979)	(5,179,646)	(10,786,545)	(22,768,170)

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

31 December 2023

	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance contract liabilities	(162,328,214)	(173,513,014)	(129,657,299)	(465,498,527)
Reinsurance contract assets	134,619,311	43,258,138	34,923,724	212,801,173
Reinsurance contract liabilities	-	(1,776,586)	(3,665,819)	(5,442,405)

24 Segment Information (continued)

31 December 2022 (Restated)

	Commercial AED	Consumer AED	Employee benefits AED	Total AED
Insurance contract assets	-	-	78,986	78,986
Insurance contract liabilities	(159,379,280)	(102,503,333)	(78,726,123)	(340,608,736)
Reinsurance contract assets	121,161,804	20,742,417	8,562,629	150,466,850
Reinsurance contract liabilities	(1,413,204)	-	(6,087,398)	(7,500,602)

25 Gross Written Premiums

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

2023	**Life insurance AED**	**Medical insurance AED**	**Property & Liability (without medical) AED**	**Total AED**
Direct written premiums	**2,865,754**	**320,196,528**	**326,460,405**	**649,522,687**
Assumed business	**-**	**-**	**4,033,845**	**4,033,845**
Total gross written premiums	**2,865,754**	**320,196,528**	**330,494,250**	**653,556,532**

2022	Life insurance AED	Medical insurance AED	Property & Liability (without medical) AED	Total AED
Direct written premiums	5,364,631	211,620,380	202,232,248	419,217,259
Assumed business	-	-	2,857,245	2,857,245
Total gross written premiums	5,364,631	211,620,380	205,089,493	422,074,504

26 Contingencies and commitments

Contingent liabilities

	2023 AED	2022 AED
Letters of guarantee	**11,074,948**	12,461,014

Letters of guarantee includes AED 10 million (31 December 2022: AED 10 million) issued in favour of the CBUAE. The Company in common with the significant majority of insures, is subject to litigation in normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

Capital and lease commitments

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. At 31 December, the Company does not have any capital and short-term lease commitments.

27 Risk management

(a) Governance framework

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

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

The board of directors meets regularly to approve any commercial, regulatory and organisational decisions. The Chief Executive Officer under the authority delegated from the board of directors defines the Company's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

The Company's current enterprise risk management framework is formally documented and divided into three phases. The Company's enterprise risk management framework is established to identify and analyse the key risks faced by the Company's to set appropriate controls and manage those risks. As part of the risks identification process, the Company uses risk based capital model to assess the capital requirement and uses stress analysis to apply changes to capital. The Company's risk appetite is derived from the changes to capital.

27 Risk management (continued)

(b) Capital management framework

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by the Central Bank of UAE identifies the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations. The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations.

	31 December 2023 AED	31 December 2022 AED
Minimum Capital Requirement (MCR)	**100,000,000**	100,000,000
Solvency Capital Requirement (SCR)	**108,647,062**	98,605,962
Minimum Guarantee Fund (MGF)	**60,561,719**	45,614,517
Basic Own Funds	**103,509,027**	87,895,558
MCR Solvency Margin Surplus/(Deficit)	**3,509,027**	(12,104,442)
SCR Solvency Margin Deficit	**(5,138,035)**	(10,710,404)
MGF Solvency margin Surplus	**42,947,309**	42,281,042

As of 31 December, the Company had a SCR Solvency Margin Deficit of AED 5.1 million as compared to the SCR capital requirements of AED 108.6 million. The company has submitted a detailed solvency plan to the central bank to restore the solvency position which is currently under implementation.

(c) Regulatory framework

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

(d) Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Company manages these positions to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. The Company actively monitors the ALM to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance contracts. The Company regularly monitors the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance liabilities. The risks faced by the Company and the way these risks are mitigated by management are summarised in the next page.

27 Risk management (continued)

27A Insurance risk

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.

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

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Company underwrites mainly medical, property, motor, marine, fire, engineering and general accident risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Property

Property insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties. For property insurance contracts the main risks are fire and business interruption. In recent years the Company has only underwritten policies for properties containing fire detection equipment. These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Company has reinsurance cover for such damage to limit losses for any individual claim to AED 1,470,000 (2022: AED 1,470,000).

Motor

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

Marine

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargos. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes. The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. The Company has reinsurance to limit losses for any individual claim to AED 1,470,000 (2022: AED 1,470,000).

Medical

Medical insurance is designed to compensate the contract holders for medical costs. For medical insurance, the main risks are illness and related healthcare costs. The Company generally does not offer medical insurance to walk-in customers. Medical insurance is generally offered to corporate customers with large population to be covered under the policy.

Reinsurance risk

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

27 Risk management (continued)

27A Insurance risk (continued)

Reinsurance risk (continued)

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. The Company deals with reinsurers approved by the Board of Directors. Also, 84% of the treaty programme is placed with A and above rated companies as at 31 December 2023 (2022: 93.5%).

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

27B Financial risk

The Company's principal financial instruments include financial assets and financial liabilities which comprise financial investments (at fair value through profit or loss and other comprehensive income), receivables arising from insurance and reinsurance contracts, statutory deposits, cash and cash equivalents, trade and other payables, and re-insurance balance payables. The Company does not enter into derivative transactions.

The main risks arising from the Company's financial instruments are market risk credit risk, liquidity risk, foreign currency risk and interest rate risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Market risk

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

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

Foreign currency risk

There are no significant exchange rate risks as all monetary assets and monetary liabilities are denominated in Arab Emirates Dirhams, or US Dollars to which the Dirham is fixed.

Management believes that there is a minimal risk of significant losses due to exchange rate fluctuations and consequently the Company has not hedged its foreign currency exposure.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Company. The Company is not significantly exposed to interest rate risk on investments in bonds and term deposits since they carry fixed interest rates. As such, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company generally manages to minimise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

The Company is exposed to interest rate risk on:

(i) Liability for incurred claims; and
(ii) Asset for incurred claims.

The tables in the next page shows the impact of change in risk adjustment and discounting on liability for incurred claims and assets for incurred claims:

27 Risk management (continued)

27B Financial risk (continued)

Interest rate risk (continued)

31 December 2023

	Impact on profit gross of reinsurance	Impact on profit net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
	AED	AED	AED	AED
Risk Adjustment				
5% increase	**684,874**	**160,179**	**684,874**	**160,179**
5% decrease	**(684,874)**	**(160,179)**	**(684,874)**	**(160,179)**
Discounting				
0.5% increase	**(801,463)**	**(203,399)**	**(801,463)**	**(203,399)**
0.5% decrease	**809,521**	**205,245**	**809,521**	**205,245**

31 December 2022

	Impact on profit gross of reinsurance	Impact on profit net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
	AED	AED	AED	AED
Risk adjustment				
5% increase	800,163	311,613	800,163	311,613
5% decrease	(800,163)	(311,613)	(800,163)	(311,613)
Discounting				
0.5% increase	(733,870)	(260,785)	(733,870)	(260,785)
0.5% decrease	742,203	264,155	742,203	264,155

27 Risk management (continued)

27B Financial risk (continued)

Credit risk

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

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

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

The Company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by Management annually. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

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

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on insurance and other receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition. 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.

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.

For insurance and other receivables, the Company applied the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for insurance and other receivables. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions.

27 Risk management (continued)

27B Financial risk (continued)

Liquidity risk

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

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

The table on the next page summarises the maturity of the assets and liabilities of the Company based on remaining contractual settlement dates.

27 Risk management (continued)

27B Financial risk (continued)

Liquidity risk (continued)

	31 December 2023				31 December 2022			
	Less than one year AED	More than one year AED	No term AED	Total AED	Less than one year AED	More than one year AED	No term AED	Total AED
ASSETS								
Property and equipment	-	7,187,505	4,578,908	11,766,413	-	17,193,410	5,767,450	22,960,860
Investment properties	-	-	46,639,999	46,639,999	-	-	46,783,999	46,783,999
Investments at fair value through profit or loss (FVTPL)	155,987,108	-	-	155,987,108	103,295,993	-	-	103,295,993
Investments at fair value through other comprehensive income (FVTOCI)	113,580,481			113,580,481	122,132,728			122,132,728
Reinsurance contract assets	212,801,173	-	-	212,801,173	150,466,850	-	-	150,466,850
Insurance contract assets	-	-	-	-	78,986	-	-	78,986
Prepayments and other assets	4,539,292	-	-	4,539,292	3,369,402	-	-	3,369,402
Statutory deposits	-	-	10,000,000	10,000,000	-	-	10,000,000	10,000,000
Other receivables	2,126,240	-	-	2,126,240	2,841,297	-	-	2,841,297
Bank balances and cash	76,228,358	-	-	76,228,358	58,736,058	-	-	58,736,058
TOTAL ASSETS	565,262,652	7,187,505	61,218,907	633,669,064	440,921,314	17,193,410	62,551,449	520,666,173

27 Risk management (continued)

27B Financial risk (continued)

Liquidity risk (continued)

	31 December 2023				31 December 2022 (Restated)			
	Less than one year AED	More than one year AED	No term AED	Total AED	Less than one year AED	More than one year AED	No term AED	Total AED
Liabilities								
Employees' end of service benefits	-	4,484,362	-	4,484,362	-	4,149,775	-	4,149,775
Insurance contract liabilities	465,498,527	-	-	465,498,527	340,608,736	-	-	340,608,736
Reinsurance contract liabilities	5,442,405	-	-	5,442,405	7,500,602	-	-	7,500,602
Other payables	16,745,449	-	-	16,745,449	14,631,319	-	-	14,631,319
Lease liability	-	7,187,505	-	7,187,505	-	17,567,692	-	17,567,692
Total liabilities	487,686,381	11,671,867	-	499,358,248	362,740,657	21,717,467	-	384,458,124

28 Approval of the financial statements

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