Al Ain Ahlia Insurance Company P.S.C.

Consolidated financial statements

For the year ended 31 December 2024

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Consolidated financial statements
For the year ended 31 December 2024

Composition of Board of Directors

Chairman:	H.E. Mohamed Jouan Rashed Albadi Aldhaheri
Vice Chairman:	H.E. Khaled Mohamed Jouan Albadi Aldhaheri
Directors:	H.E. Ghaith Hammel Khadim Alghaith Alqubaisi H.E. Shaikha Nasser Mohamed Al Nowais H.E. Saeed Ahmed Omran Almazrouei H.E. Abdulla Mubarak Abdulla Aldarmaki H.E. Saif Ahmed Al Mehairbi
Chief Executive Officer	Mr. Mohammed Mazhar Hamadeh
Address:	P.O. Box 3077 Abu Dhabi United Arab Emirates
External auditors:	Grant Thornton – UAE

Al Ain Ahlia Insurance Company P.S.C.

Consolidated financial statements
For the year ended 31 December 2024

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Al Ain Ahlia Insurance Company (PSC)

BOARD OF DIRECTORS' REPORT FOR 2024

We are pleased to present our 49th Annual Report on the company's business activities for 2024 together with the audited financial statements for the year ended 31 December 2024.

As we reflect on the United Arab Emirates' economic performance for the year 2024, it is evident that the nation has demonstrated remarkable resilience and growth across various sectors.

The Central Bank of the United Arab Emirates maintained its real GDP growth projections for 2024 at 4.0 percent, accelerating to 4.5 percent in 2025. This growth is largely attributed to strategic diversification efforts and robust non-oil trade activities.

Notably, the country's non-oil trade surpassed the AED 3 trillion, reflecting a 14.6% increase from last year. This achievement underscores commitment to reducing reliance on hydrocarbons and expanding the global trade partnerships.

The UAE's insurance industry too has exhibited significant growth and resilience throughout 2024. Total insurance revenue reached AED 43 billion, a 21% increase compared to the previous year.

Despite facing unprecedented weather-related challenges, the insurance sector has demonstrated robustness. The industry's ability to navigate these adversities highlights the effectiveness of country's regulatory frameworks and the sector's commitment to innovation and customer-centric solutions.

The Insurance Revenue of Al Ain Ahlia Insurance Company for 2024 amounted to Dh. 1,140,701,449 compared to Dh. 1,429,385,063 in 2023 and Net Insurance Result for 2024 amounted to Dh. (87,807,510) compared to Dh. 3,659,877 in 2023.

Technical Reserves amounted to Dh. 487,792,536 compared to Dh. 341,227,589 in 2023 and the net loss reported by the Company amounted to Dh. (27,947,938) compared to net profit of Dh. 34,603,782 in 2023.

The results for each class of business are summarized as follows:

<u>MARINE AND AVIATION</u>
Insurance Revenue amounted to Dh. 82,970,827 compared to Dh. 62,858,386 in 2023. The company's share in technical reserves amounted to Dh. (25,778,627) compared to Dh. (15,073,393) in 2023.

<u>NON-MARINE</u>
Insurance Revenue amounted to Dh. 1,057,730,622 compared to Dh. 1,366,526,677 in 2023. The company's share in technical reserves amounted to Dh. 513,571,162 compared to Dh. 356,300,982 in 2023.

<u>INVESTMENTS AND OTHER INCOME</u>
Investment income for the year amounted to Dh. 75,099,512 compared to Dh. 53,834,907 in 2023.

The Board of Directors, on behalf of the Company, would like to express their gratitude and appreciation to His Highness Sheikh Mohammed Bin Zayed Al Nahyan, President of the United Arab Emirates and the Ruler of Abu Dhabi and His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, the Crown Prince for their assistance to the national Companies.

The Board of Directors also thanks all people and organizations dealing with the Company within and outside the country and wishes to express their appreciation to the Management and Employees of the Company for their genuine efforts which contributed largely to this year's achievements.

The Board of Directors

Grant Thornton Audit and Accounting Limited – Abu Dhabi

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Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Ain Ahlia Insurance Company P.S.C. and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><th colspan="2">Valuation of Insurance Contract Liabilities and Reinsurance Contract Assets</th></tr>
<tr><td>As at 31 December 2024, the Group's Insurance Contract Liabilities and Reinsurance Contract Assets are valued at AED 1,723.98 million and AED 1,287.18 million, respectively. (Refer note 10).

Valuation of Insurance contract liabilities and Reinsurance contract assets involves significant judgements and estimates particularly with respect to estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims and its related reinsurance assets.

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 discount rates, methodology, assumptions and data used to determine the estimated present value of future cash flows pertaining to liability for remaining coverage (LRC), liability for incurred claims (LIC) and risk adjustment for non-financial risk.

As a result of the above factors, we consider valuation of insurance contract liabilities and reinsurance contract assets as a key audit matter.</td><td>We performed the following procedures in conjunction with our actuarial specialists:

- Understood, evaluated and tested key controls around claims and premium administration and valuation of technical insurance reserves;

- Evaluated the competence, capabilities and objectivity of the management's actuarial expert based on their professional qualifications and experience and assessed their independence;

- Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows;

- Tested and reconciled key data inputs into the IFRS 17 engine with primary insurance data and reconciled IFRS 17 engine output numbers to the financial statements and actuarial reports;

- Engaged our actuarial specialist to assess the methodology and reasonableness of the key assumptions and judgments used by the management in determining the technical insurance reserves;

- 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;

- Evaluated and tested the calculation of the allowance for expected credit loss including the data, key assumptions and judgments used; and

- Assessed the adequacy and appropriateness of disclosures made in the consolidated financial statements.</td></tr>
</table>

Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

Management and Board of Directors are responsible for the other information contained in the consolidated financial statements which comprises the information included in the *Board of Directors' Report*, but which does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated 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 consolidated 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 consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the Other Information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021, and UAE Federal Law No. (48) of 2023, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on the Audit of the Consolidated Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated 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 controls 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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

Independent Auditor's Report
To the Shareholders of Al Ain Ahlia Insurance Company P.S.C.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. 32 of 2021, we report that for the year ended 31 December 2024:

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

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

iii) the Group has maintained proper books of account;

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

v) investments in equity and debt instruments during the year ended 31 December 2024, are disclosed in notes 8 and 9 to these consolidated financial statements;

vi) note 16 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

vii) the Group did not make any social contributions made during the financial year ended 31 December 2024; and

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 Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the Federal Law No. 32 of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

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

Grant Thornton

GRANT THORNTON UAE

Dr. Osama El-Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates

Date: 17 March 2025

Consolidated statement of financial position
As at 31 December 2024

	Notes	2024 AED'000	2023 AED'000
ASSETS			
Property and equipment	5	**780,036**	793,336
Investment properties	6	**87,890**	84,281
Intangible assets		**39**	69
Statutory deposit	7	**10,000**	10,000
Investments carried at fair value through other comprehensive income	8	**578,812**	551,326
Investments carried at fair value through profit or loss	9	**21,882**	3,257
Insurance contract assets	10	**3,245**	1,872
Reinsurance contract assets	10	**1,287,184**	769,864
Other receivables and prepayments	11	**46,518**	37,897
Deferred tax asset	31	**2,052**	-
Term deposits	12	**271,019**	195,769
Cash and cash equivalents	13	**65,032**	57,891
TOTAL ASSETS		**3,153,709**	2,505,562
EQUITY AND LIABILITIES			
Share capital	14	**150,000**	150,000
Statutory reserve	15	**75,000**	75,000
General reserve	15	**600,000**	600,000
Technical reserve	15	**8,083**	8,083
Reinsurance default reserve	15	**22,965**	19,697
Investment revaluation reserve	15	**244,957**	216,675
Retained earnings		**199,098**	260,312
TOTAL EQUITY		**1,300,103**	1,329,767
LIABILITIES			
Provision for employees' end of service benefits	17	**14,857**	17,962
Insurance contract liabilities	10	**1,723,983**	1,065,345
Reinsurance contract liabilities	10	**54,238**	47,620
Accruals and other payables	18	**60,528**	44,868
TOTAL LIABILITIES		**1,853,606**	1,175,795
TOTAL EQUITY AND LIABILITIES		**3,153,709**	2,505,562

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial position, results of operation and cash flows of the Group as of, and for the year ended 31 December 2024. The consolidated financial statements were approved by the Board of Directors on 17 March 2025 and signed on their behalf by:

Chairman | Chief Executive Officer | Chief Financial Officer

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
For the year ended 31 December 2024

	Notes	**2024 AED'000**	2023 AED'000
Insurance revenue	10	**1,140,701**	1,429,385
Insurance service expenses	10	**(1,458,111)**	(560,464)
Insurance service result before reinsurance contracts held		**(317,410)**	868,921
Allocation of reinsurance premiums	10	**(511,485)**	(1,094,609)
Amounts recoverable from reinsurers	10	**750,251**	235,181
Net income/(expenses) from reinsurance contracts held		**238,766**	(859,428)
Insurance service result		**(78,644)**	9,493
Insurance finance expense for insurance contracts issued	10	**(60,752)**	(37,140)
Reinsurance finance income for reinsurance contracts held	10	**51,590**	31,307
Net insurance finance expenses		**(9,162)**	(5,833)
Net insurance result		**(87,806)**	3,660
Income from investments, net	21	**45,485**	27,018
Income from investment properties, net	6	**5,525**	2,360
Total investment income		**51,010**	29,378
Other income	22	**24,089**	24,457
Other expenses	23	**(19,828)**	(22,891)
(Loss) / profit for the year before tax		**(32,535)**	34,604
Income tax benefit	31	**4,589**	-
(Loss) / profit for the year after tax		**(27,946)**	34,604
Basic and diluted (loss) / earnings per share	24	**(1.86)**	2.31

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Notes	**2024** **AED'000s**	2023 AED'000s
(Loss)/profit for the year after tax		**(27,946)**	34,604
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments carried at FVTOCI – net of tax	8	**26,419**	18,470
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of debt instruments carried at FVTOCI – net of tax	8	**1,863**	1,880
Total other comprehensive income for the year		**28,282**	20,350
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**336**	54,954

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2024

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Technical reserve AED'000	Reinsurance default reserve AED'000	Investment revaluation reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2023	150,000	75,000	600,000	8,083	13,905	196,325	269,000	1,312,313
Profit for the year	-	-	-	-	-	-	34,604	34,604
Other comprehensive income for the year	-	-	-	-	-	20,350	-	20,350
Total comprehensive income for the year	-	-	-	-	-	20,350	34,604	54,954
Dividend paid	-	-	-	-	-	-	(37,500)	(37,500)
Transfer to reinsurance default reserve	-	-	-	-	5,792	-	(5,792)	-
Balance as at 31 December 2023	150,000	75,000	600,000	8,083	19,697	216,675	260,312	1,329,767
Balance at 1 January 2024	**150,000**	**75,000**	**600,000**	**8,083**	**19,697**	**216,675**	**260,312**	**1,329,767**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(27,946)**	**(27,946)**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**28,282**	**-**	**28,282**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**-**	**-**	**28,282**	**(27,946)**	**336**
Dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**(30,000)**	**(30,000)**
Transfer to reinsurance default reserve	**-**	**-**	**-**	**-**	**3,268**	**-**	**(3,268)**	**-**
Balance as at 31 December 2024	**150,000**	**75,000**	**600,000**	**8,083**	**22,965**	**244,957**	**199,098**	**1,300,103**

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
OPERATING ACTIVITIES			
(Loss)/profit for the year before tax		**(32,535)**	34,604
Adjustments for:			
Depreciation on property and equipment	5	**16,376**	16,322
Amortisation of intangible assets		**30**	75
Change in fair value of investment properties	6	**(3,609)**	(929)
Change in fair value of investments carried at FVTPL		**(1,875)**	(926)
Gain on sale of financial assets carried at FVTPL		**(836)**	-
Interest and dividend income	21	**(43,220)**	(26,572)
Provision for employees' end of service benefits	17	**6,005**	5,488
Operating cashflows before change in working capital		**(59,664)**	28,062
Working capital changes:			
Change in insurance contract assets		**(1,373)**	(1,872)
Change in reinsurance contract assets		**(517,320)**	80,716
Change in insurance contract liabilities		**658,638**	7,672
Change in reinsurance contract liabilities		**6,618**	44,967
Change in other receivables and prepayments		**(10,673)**	(12,398)
Change in accruals and other payables		**17,712**	(22,857)
Cash generated from operations		**93,938**	124,290
Employees' end of service benefits paid	17	**(9,110)**	(391)
Net cash generated from operating activities		**84,828**	123,899
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(3,076)**	(48,538)
Purchase of investments carried at fair value through other comprehensive income	8	**(25,848)**	(77,122)
Purchase of investments carried at fair value through profit or loss	9	**(23,787)**	(2,331)
Proceeds from sale of investments carried at fair value through other comprehensive income	8	**29,181**	12,241
Proceeds from the sale of financial assets carried at FVTPL	9	**7,873**	-
Increase in term deposits		**(75,250)**	(27,677)
Interest and dividend received	21	**43,220**	26,572
Net cash used in investing activities		**(47,687)**	(116,855)
FINANCING ACTIVITIES			
Dividend paid	26	**(30,000)**	(37,500)
Net cash used in financing activity		**(30,000)**	(37,500)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**7,141**	(30,456)
Cash and cash equivalents at the beginning of the year		**57,891**	88,347
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	**65,032**	57,891

Principle non-cash transactions include fair value gain on financial assets at fair value through OCI to the fair value reserve amounting to AED 28,282 thousand (31 December 2023: fair value loss of AED 20,350 thousand).

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

1 Legal status and principal activities

Al Ain Ahlia Insurance Company P.S.C. (the "Company") is incorporated in Abu Dhabi with limited liability by Law No. (18) of 1975. Al Ain Ahlia Insurance Company P.S.C. is registered as a public shareholding company in accordance with the Federal Law No. (32) of 2021. The Company is subject to the regulations of the U.A.E. Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), issued by the Central Bank of UAE and is registered in the Insurance Companies Register of the Central Bank of the UAE, under registration number 3.

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

The Company is domiciled and operates in the UAE and its registered address is P.O. Box 3077, Abu Dhabi, United Arab Emirates. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company's principal activity is underwriting of all classes of insurance.

The Company had 266 employees as of 31 December 2024 (31 December 2023: 234).

These consolidated financial statements comprise the Company and its subsidiaries 100% owned by the Company, (together referred to as "the Group").

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards 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 concerning Insurance Law issued by the Central Bank of the UAE ("CBUAE").

2.2 Basis of measurement

These consolidated financial statements are prepared on an accrual basis and under the historical cost convention except for investment properties and certain financial instruments that are measured at fair values as at the end of each reporting date and the provision for employees' end of service indemnity which is calculated in line with UAE labour laws.

2 Basis of preparation (continued)

2.3 Functional and reporting currency

The consolidated financial statements are presented in UAE Dirhams (AED) being the functional and presentation currency of the Group. All the financial information has been presented in these consolidated financial statements has been rounded off to nearest thousands (AED'000) except where otherwise indicated.

2.4 Basis of presentation

The Group presents its consolidated statement of financial position in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within 12 months after the consolidated statement of financial position date (current) and more than 12 months after the consolidated statement of financial position date (non-current) is presented in note 28.

2.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The consolidated financial statements include:

Name of subsidiaries	Principal activity	Country of incorporation
Al Bandar Investment owned by Al Ain Ahlia Insurance One Person Company LLC	Investment management in commercial enterprises, retail trade enterprises, oil and natural gas, agricultural enterprises, industrial enterprises, educational enterprises, and tourist enterprises.	United Arab Emirates
Al Bandar Rotana Hotel	Hotel apartment rentals	United Arab Emirates

Al Ain Ahlia Insurance Company P.S.C. has control over the above companies and derives economic benefit from equity holdings. The Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities via management agreements and accordingly, the entities are consolidated as wholly owned subsidiaries in these consolidated financial statements. Accordingly, the consolidated financial statements incorporate 100% of the assets, liabilities, income, and expenses of the above companies.

The Group reassesses whether or not it controls the investees if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 Basis of preparation (continued)

2.5 Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows arising from transactions between Group members are fully eliminated upon consolidation. Additionally, all subsidiaries share the same financial year-end.

2.6 Standards, interpretations, and amendments to existing standards

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	Amendment to IAS 1 – Non-current liabilities with covenants and classification of liabilities as current or non-current	1 January 2024
IAS 7	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	1 January 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024

These standards did not have a material impact on these financial statements.

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 Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Standard number	Title	Effective date
IAS 21	Amendments to IAS 21 Lack of exchangeability Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025
IFRS 9 & IFRS 7	Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

3 Material accounting policy information

3.1 Insurance Contracts issued and reinsurance contracts held

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. As a general guideline, the Group 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.

Classification of insurance contracts

The types of insurance contracts issued by the Group, among others, includes:

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

3 Material accounting policy information (continued)

3.1 Insurance Contracts issued and reinsurance contracts held (continued)

Classification of insurance contracts (continued)

Medical insurance contracts protect the Group's customers against the risk of incurring medical expenses. Medical selection is part of the Group's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as persistency, which consider past experience and current trends. Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval.

Marine insurance covers the loss or damage of ships, cargo, terminals, and any transport by which the property is transferred, acquired, or held between the points of origin and the final destination.

Engineering Insurance is an insurance policy that covers a wide range of engineering related risks. It is a comprehensive insurance that provides complete protection against risks associated with erection, resting, and working of any machinery, plant or equipment.

Motor insurance comprises Comprehensive Insurance and Third-Party Insurance. Comprehensive Insurance covers the policy holder for any loss or damage to the policy holder's vehicle caused either by themselves or a third party. It also covers any third party for loss or damage caused by the policy holder. Third Party Insurance, on the other hand only covers the third party for any loss of damage caused by the policy holder.

Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

Products are reviewed by the business units on an annual 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.

Level of aggregation

The level of aggregation for the Group 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 Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group 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). No group for level of aggregation purposes may contain contracts issued more than one year apart.

The Group 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.

3 Material accounting policy information (continued)

3.1 Insurance Contracts issued and reinsurance contracts held (continued)

Contract boundary

The Group 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 year in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services.

A substantive obligation to provide services ends when:

- The Group 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 Group 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 years 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.

Recognition

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

- The beginning of the coverage year 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, when facts and circumstances indicate that the group is onerous.

The Group recognises a group of reinsurance contracts it holds:

- If the reinsurance contracts provide proportionate coverage: (1) at the beginning or later part of the coverage year of the group, or (2) the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage year of the group the Group adds new contracts to the group when they are issued or initiated.

Separating components from insurance and reinsurance contracts

The Group 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 Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group’s products do not include any distinct components that require separation.

3 Material accounting policy information (continued)

3.1 Insurance Contracts issued and reinsurance contracts held (continued)

Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group reassess this on quarterly basis and if at quarter end, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group 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.

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

Below are some of the relevant facts and circumstances that the Group 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 Group 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.

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

- The coverage year 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 Group 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 Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

3 Material accounting policy information (continued)

3.1 Insurance Contracts issued and reinsurance contracts held (continued)

Measurement - Premium Allocation Approach (continued)

Insurance contracts – initial measurement (continued)

The Group 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 Group 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 Group 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 Group measures its reinsurance assets for a group of reinsurance contracts that it holds on to 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.

Insurance contracts – subsequent measurement

The Group 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;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the coverage year; and

The Group 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 Group 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 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.

3 Material accounting policy information (continued)

3.1 Insurance Contracts issued and reinsurance contracts held (continued)

Measurement - Premium Allocation Approach (continued)

Insurance contracts – modification and derecognition

The Group 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 Group derecognises the initial contract and recognises the modified contract as a new contract.

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

Presentation

The Group 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.

The Group disaggregates the total amount recognised in the 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.

The Group 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 Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

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

Insurance Service Expenses

Insurance service expenses include the following:

- incurred claims for the year
- other incurred directly attributable expenses
- insurance acquisition cash flow expenses.
- An element of time value of money of LIC for the year.

3 Material accounting policy information (continued)

3.1 IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Insurance acquisition costs

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts. Directly attributable expenses are the costs that can be fully or partially attributed to the fulfilment of groups of insurance contracts. The Company allocates the attributable costs based on a number of drivers. Both acquisition and attributable costs fall under the insurance service expenses. While non-attributable costs are reported under other operating expenses.

Net income or expense from reinsurance contracts held

The Group presents separately on the face of the statement of profit or loss, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group 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.

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

3 Material accounting policy information (continued)

3.1 IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Key Accounting Policy Choices

The key accounting policy choices made by the Group with respected to Insurance Contracts issued and reinsurance contracts held are described below.

Accounting Policy	Group Decision
Level of Aggregation – Adopting more granular profitability	Group adopted the minimum three classifications provided in the standard and not use more granular classifications.
Level of Aggregation – Adopting more granular cohort	Group is using annual cohorts and not using shorter cohorts.
PAA – Deferring insurance acquisition cashflows	Under PAA, in some circumstances, it is allowed to recognise insurance acquisition cashflows as expense and the Group opted to utilise this choice for all insurance acquisition cashflows.
PAA – Discounting LIC	Under PAA, in some circumstances, it is allowed not to discount the LIC, but Group is not using this option and discounts all LIC.
Interest Accretion – OCI Option	The standard allows that finance expense can be split between OCI, and P&L. Group aims to reflect entire finance expense in the P&L and plans not split between OCI and P&L.

3.2 Revenue recognition (other than insurance contracts)

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

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

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

Rental income
Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Realised and unrealised gain
Net gains/losses on financial assets classified at fair value through profit or loss and fair value through other comprehensive income are described under the accounting policy for financial assets and liabilities.

3 Material accounting policy information (continued)

3.3 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses, if any. The cost of property and equipment is their purchase cost, together with any incidental expenses of acquisition.

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

Depreciation is calculated so as to write off the cost of property and equipment on a straight-line basis over their expected useful economic lives.

The principal useful life used for this purpose are:

Building	40 years
Office decoration	3-4 years
Furniture and equipment	3-4 years
Motor vehicles	3-4 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

3.4 Investment properties

Investment properties are held for the generation of income or capital appreciation and are initially measured 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.

Investment properties are derecognised when either 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 consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use.

3 Material accounting policy information (continued)

3.5 Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

3.6 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

3 Material accounting policy information (continued)

3.7 Employee benefits

An accrual is made for 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 reporting period.

Provision is also made for end of service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period.

Pension contributions are made in respect of UAE national employees to the Abu Dhabi Pension Authority, calculated in accordance with Government regulations. Such contributions are charged to the consolidated statement of profit or loss and other comprehensive income during the employees' period of service.

3.8 Financial assets

Classification and measurement

The Group has the following financial assets: cash and cash equivalents, insurance and reinsurance balances receivables, investments at fair value through other comprehensive income and investments at fair value through profit or loss. The classification depends on the nature of the financial asset and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalent include cash on hand and deposits held at call with banks with original maturities of three months or less.

Investments at fair value through other comprehensive income (equity instruments)

Investments at fair value through other comprehensive income (equity instruments) are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in consolidated other comprehensive income and dividend income is credited to the consolidated statement of profit or loss income when the right to receive the dividend is established.

Investments at fair value through other comprehensive income (debt instruments)

Investments at fair value through other comprehensive income (debt instruments) are initially recorded at cost and subsequently measured at fair value. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in the consolidated statement of other comprehensive income. Upon derecognition, the cumulative fair value change recognised in the consolidated statement of other comprehensive income is recycled to profit or loss.

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

Investments at fair value through profit or loss

Investments at fair value through profit or loss are initially recorded at cost and subsequently measured at fair value. Subsequent changes in fair value and gains or losses arising on disposal are recognised in the consolidated statement of profit or loss, profit from debt securities is recognized in consolidated statement of profit or loss and dividend income is credited to the consolidated statement of profit or loss when the right to receive the dividend is established.

Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Impairment of financial assets

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

a) Overview

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

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

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

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

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

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

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

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

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The accounts which are restructured due to credit reasons in past 12 months will be classified under stage 2.

Impairment of financial assets (continued)

b) The calculation of ECLs

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.

- The Exposure at Default ("EAD ") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

3 Material accounting policy information (continued)

3.8 Financial assets (continued)

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

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

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

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

Impairment of financial assets (continued)

Debt instruments measured at fair value through OCI

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

c) Forward looking information

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

- GDP growth
- Unemployment rates
- Central Bank base rates

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

3 Material accounting policy information (continued)

3.9 Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Accruals and other payables

Trade payables and accruals are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective rate of return, with the expense recognised on an effective yield basis.

Accruals and other payables (continued)

The effective rate of return is a method of calculating the amortised cost of a financial liability and of allocating the expense over the relevant period. The effective rate of return is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired.

3.10 Foreign currency

Transactions denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the consolidated statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to AED at the foreign exchange rate ruling at the date of the transaction. Realised and unrealised exchange gains and losses have been dealt with in the consolidated statement of profit or loss and other comprehensive income.

3.11 Fair value measurement

The Group measures financial instruments, such as investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss and non-financial assets such as investment properties, at fair value at each reporting date.

3 Material accounting policy information (continued)

3.11 Fair value measurement (continued)

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market 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 directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.12 Leases

The Group as a lessee

The Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, which conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

3 Material accounting policy information (continued)

3.12 Leases (continued)

The Group as a lessee (continued)

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease 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 Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3 Material accounting policy information (continued)

3.12 Leases (continued)

The Group as a lessee (continued)

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.13 Finance cost on financial assets

Interest paid is recognised in the consolidated statement of profit or loss and other comprehensive income as it accrues and is calculated by using the effective interest rate method.

3.14 Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes purchase cost, together with any incidental expenses of acquisition. The amortisation charge is calculated so as to write off the cost of the intangible asset on a straight-line basis over the expected useful economic life of 6 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period with the effect of any changes in estimation accounted for on a prospective basis.

3.15 Taxation

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. For the Group, accounting for current and deferred taxes have become applicable from the period beginning 1 January 2024. Accordingly, management has applied following accounting policies to incorporate the applicable Corporate Tax in accordance with IAS 12 “Income Taxes”.

Current Taxation

Provision of current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period.

3 Material accounting policy information (continued)

3.15 Taxation

Current Taxation (continued)

Income tax expense is recognised in interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Deferred Taxation

Deferred tax is accounted for in respect of all temporary differences at the statement of financial position date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items credited or charged to statement of other comprehensive income or equity in which case it is included in statement of other comprehensive income or equity.

4 Significant management judgement in applying accounting policies and estimation uncertainty

4.1 Significant management judgement in applying accounting policies

While applying the accounting policies as stated in Note 3, management of the Group has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value through other comprehensive income, fair value through profit or loss or amortised cost. In judging whether investments in securities are as at fair value through other comprehensive income, fair value through profit or loss or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 *Financial Instruments*. Management is satisfied that its investments in securities are appropriately classified.

4 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

4.1 Significant management judgement in applying accounting policies (continued)

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property, plant and equipment. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property, plant and equipment and property held for resale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2 *Inventories*, IAS 16 *Property, Plant and Equipment* and IAS 40 *Investment Property*, and in particular, the intended usage of property as determined by management.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair value of investment properties

External valuers may be involved for valuation of significant assets, such as investment properties. Selection criteria for valuers include their market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

Management, in conjunction with the Group's external valuers, also compares changes in fair value of each property with relevant external sources to determine whether the change is reasonable.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for expected credit losses

Management reviews the provision for expected credit losses (ECL) at each reporting date by assessing the recoverability of the expected premium and reinsurance receipts. For non-insurance financial assets, the recoverability is assessed and expected credit losses are created in compliance with the simplified approach under the IFRS 9 methodology.

4 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Estimation of fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation consultants based on income approach for building and comparable approach for land plots. The Investment method analyses potential rental income from the property and deducts the expenses incurred in the operation of the asset. The net rental income is then capitalised at market standards to arrive at fair value.

Liability for incurred claims

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

The main assumption underlying these techniques is that a Group'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 Group to sell property acquired in settling a claim. The Group 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.

4 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

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**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Insurance contracts issued								
AED	**4.84%**	5.48 %	**4.77%**	4.44 %	**4.74%**	4.22 %	**4.73%**	4.17 %
Reinsurance contracts issued								
AED	**4.84%**	5.48 %	**4.77%**	4.44 %	**4.74%**	4.22 %	**4.73%**	4.17 %

Risk adjustment for non-financial risk

The following assumptions were used to calculate the risk adjustment:

- The standard errors and correlation matrix by risk classes are taken from CBUAE E-Forms.
- Standard deviations for each portfolio were calculated by multiplying their respective Standard errors with their total claim reserves.
- Portfolio-level standard deviations are combined at the entity level, accounting for correlations between portfolios.
- A lognormal distribution is assumed at the entity level, using total reserves as the mean and the
- entity-level standard deviation to influence the distribution's spread.
- The Value at Risk (VaR) at the 75th percentile is calculated based on the lognormal distribution assumption, representing the expected loss at a 75% confidence level.
- The resulting risk adjustment amount is distributed among portfolios using a proportional allocation method. Each portfolio receives a share of the risk adjustment amount proportional to its risk level at the 75th percentile based on the lognormal distribution.

5 Property and equipment

	Land AED'000	Building AED'000	Office decoration AED'000	Furniture and equipment AED'000	Motor vehicles AED'000	Total AED'000
Cost						
At 1 January 2023	300,767	534,456	399	17,745	2,012	855,379
Additions during the year	-	43,350	13	5,175	-	48,538
Disposals during the year	-	-	-	-	-	-
At 31 December 2023	300,767	577,806	412	22,920	2,012	903,917
Additions during the year	**-**	**-**	**-**	**2,921**	**155**	**3,076**
Disposals during the year	**-**	**-**	**-**	**-**	**(581)**	**(581)**
At 31 December 2024	**300,767**	**577,806**	**412**	**25,841**	**1,586**	**906,412**
Accumulated depreciation						
At 1 January 2023	-	74,942	328	17,104	1,885	94,259
Charge for the year	-	13,549	41	2,679	53	16,322
Disposals during the year	-	-	-	-	-	-
At 31 December 2023	-	88,491	369	19,783	1,938	110,581
Charge for the year	**-**	**14,181**	**27**	**2,080**	**88**	**16,376**
Disposals during the year	**-**	**-**	**-**	**-**	**(581)**	**(581)**
At 31 December 2024	**-**	**102,672**	**396**	**21,863**	**1,445**	**126,376**
Carrying amount						
As at 31 December 2024	**300,767**	**475,134**	**16**	**3,978**	**141**	**780,036**
As at 31 December 2023	300,767	489,315	43	3,137	74	793,336

6 Investment properties

	Land AED'000	Building AED'000	Total AED'000
Balance at 1 January 2023	23,474	59,878	83,352
Change in fair value	726	203	929
At 31 December 2023	24,200	60,081	84,281
Balance at 1 January 2024	**24,200**	**60,081**	**84,281**
Change in fair value	**4,090**	**(481)**	**3,609**
At 31 December 2024	**28,290**	**59,600**	**87,890**

The Group enters into operating leases for its investment properties. Amounts recognised in the consolidated statement of profit or loss in respect of investments properties are as follows:

	2024 AED'000	2023 AED'000
Rental income from investment properties	**3,093**	2,459
Direct operating expenses	**(1,177)**	(1,028)
Increase in fair value of investment properties	**3,609**	929
Net profit arising from investment properties	**5,525**	2,360

The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out for the year ended 31 December 2024 by an independent valuer not related to the Group. Najmat Al Murjan Real Estate Valuation Service LLC are registered with Real Estate Regulatory Agency (RERA), and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The investment properties were valued as at 31 December 2024 by the independent valuer at AED 87.89 million using the income approach for building and comparable approach for land plots.

The fair values were determined based on the capitalisation of net income method, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted based on the factors specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

6 Investment properties (continued)

For the valuation of the properties, the following significant inputs were used:

- Two buildings located in Abu Dhabi and Al Ain with fair values of AED 25.7 million (2023: AED 23.06 million) and AED 10.79 million (2023: AED 9.8 million) respectively. The rental income for the year net of expenses from each building amounted to AED 0.48 million (2023: AED 0.55 million) and AED 0.005 million (2023: AED 0.07 million) respectively.

- A warehouse in Mussafah with a fair value of AED 8.7 million (2023: AED 13 million). The rental income for the year net of expenses from the warehouse amounted to AED 0.99 million (2023: 0.27 million).

- Two plots of land in Dubai with fair value of AED 28.29 million (2023: AED 24.20 million). The plots are held for capital appreciation and used by the Group for future investment opportunities.

- 10 hotel apartments of Royal Amwaj with fair value of AED 14.39 million (2023: AED 14,22 million). The hotel apartments are held for capital appreciation and used by the Group for future investment opportunities.

The investment properties are classified as Level 3. There were no transfers between Level 1 and 2 or to Level 3 during current and previous year.

There are no restrictions on the realisability of investment properties. The Group has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements. The properties are not pledged as collateral.

7 Statutory deposit

In accordance with the requirements of UAE Federal Law No. (48) of 2023 covering insurance companies and agencies, the Group maintains a bank deposit of AED 10 million (2023: AED 10 million) which cannot be utilized without the consent of the Central bank of UAE.

8 Investments carried at fair value through other comprehensive income

	2024	2023
	AED'000	AED'000
Quoted UAE equity securities	**377,271**	366,242
Quoted UAE debt securities	**178,962**	162,505
Unquoted UAE debt securities	**20,000**	20,000
Unquoted non-UAE equity securities	**2,579**	2,579
	578,812	551,326

Quoted UAE debt securities carry interest at the rate ranging from 3.38 % to 8.75 % (2023: 3.38 % to 8.75 %) per annum.

8 Investments carried at fair value through other comprehensive income (continued)

The movement in the investments at fair value through other comprehensive income is as follows:

	2024 AED'000	2023 AED'000
Fair value at beginning of year	**551,326**	466,095
Additions	**25,848**	77,122
Disposals	**(29,181)**	(12,241)
Change in fair value taken to other comprehensive income:		
Equity instruments	**28,863**	18,470
Debt instruments	**1,956**	1,880
Fair value at end of the year	**578,812**	551,326

9 Investments carried at fair value through profit or loss

	2024 AED'000	2023 AED'000
Quoted UAE equity securities	**21,882**	3,257

The movement in the investments at fair value through profit or loss is as follows:

	2024 AED'000	2023 AED'000
Fair value at beginning of year	**3,257**	-
Additions	**23,787**	2,331
Disposals	**(7,037)**	-
Change in fair value taken to profit and loss:	**1,875**	926
Fair value at end of the year	**21,882**	3,257

10 Insurance contract liabilities and reinsurance contract assets

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

	31 December 2024			31 December 2023		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	AED'000	**AED'000**	**AED'000**	AED'000	AED'000	AED'000
Insurance contracts issued						
Life and Medical	**3,245**	**46,868**	**(43,623)**	1,872	45,366	(43,494)
General and Motor	**-**	**1,677,115**	**(1,677,115)**	-	1,019,979	(1,019,979)
Total insurance contracts issued	**3,245**	**1,723,983**	**(1,720,738)**	1,872	1,065,345	(1,063,473)
Reinsurance contracts held						
Life and Medical	**12,950**	**53,931**	**(40,981)**	5,346	47,108	(41,762)
General and Motor	**1,274,234**	**307**	**1,273,927**	764,518	512	764,006
Total reinsurance contracts held	**1,287,184**	**54,238**	**1,232,946**	769,864	47,620	722,244

10 Insurance contract liabilities and reinsurance contract assets (continued)

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

2024	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
Insurance contract liabilities as at 1 January	**337,826**	**5,578**	**687,936**	**34,005**	**1,065,345**
Insurance contract assets as at 1 January	**(3,370)**	**440**	**1,056**	**2**	**(1,872)**
Net Insurance contract liabilities as at 1 January	**334,456**	**6,018**	**688,992**	**34,007**	**1,063,473**
Insurance revenue	**(1,140,701)**	**-**	**-**	**-**	**(1,140,701)**
Insurance service expenses	**142,138**	**19,528**	**1,270,085**	**26,360**	**1,458,111**
Incurred claims and other expenses	**-**	**-**	**1,705,253**	**75,251**	**1,780,504**
Amortisation of insurance acquisition cash flows	**142,138**	**-**	**-**	**-**	**142,138**
Losses on onerous contracts and reversals	**-**	**19,528**	**-**	**-**	**19,528**
Changes to liabilities for incurred claims	**-**	**-**	**(435,168)**	**(48,891)**	**(484,059)**
Insurance service result	**(998,563)**	**19,528**	**1,270,085**	**26,360**	**317,410**
Insurance finance expenses	**-**	**-**	**57,709**	**3,043**	**60,752**
Total changes in the statement of comprehensive income	**(998,563)**	**19,528**	**1,327,794**	**29,403**	**378,162**
Cash flows					
Premiums received	**1,209,284**	**-**	**-**	**-**	**1,209,284**
Claims and other expenses paid	**-**	**-**	**(793,436)**	**-**	**(793,436)**
Insurance acquisition cash flows	**(136,745)**	**-**	**-**	**-**	**(136,745)**
Total cash flows	**1,072,539**	**-**	**(793,436)**	**-**	**279,103**
Net insurance contract liabilities as at 31 December	**408,432**	**25,546**	**1,223,350**	**63,410**	**1,720,738**
Insurance contract liabilities as at 31 December	**412,544**	**25,546**	**1,222,484**	**63,409**	**1,723,983**
Insurance contract assets as at 31 December	**(4,112)**	**-**	**866**	**1**	**(3,245)**
Net insurance contract liabilities as at 31 December	**408,432**	**25,546**	**1,223,350**	**63,410**	**1,720,738**

10 Insurance contract liabilities and reinsurance contract assets (continued)

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

Contracts measured under the PAA (continued)

2023	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	AED'000	AED'000	AED'000	AED'000	AED'000
Insurance contract liabilities as at 1 January	282,494	23,947	717,177	34,055	1,057,673
Insurance contract assets as at 1 January	-	-	-	-	-
Net Insurance contract liabilities as at 1 January	282,494	23,947	717,177	34,055	1,057,673
Insurance revenue	(1,429,385)	-	-	-	(1,429,385)
Insurance service expenses	88,182	(17,929)	492,043	(1,832)	560,464
Incurred claims and other expenses	-	-	737,707	20,018	757,725
Amortisation of insurance acquisition cash flows	88,182	-	-	-	88,182
Losses on onerous contracts and reversals	-	(17,929)	-	-	(17,929)
Changes to liabilities for incurred claims	-	-	(245,664)	(21,850)	(267,514)
Insurance service result	(1,341,203)	(17,929)	492,043	(1,832)	(868,921)
Insurance finance expenses	-	-	35,356	1,784	37,140
Total changes in the statement of comprehensive income	(1,341,203)	(17,929)	527,399	(48)	(831,781)
Cash flows					
Premiums received	1,479,631	-	-	-	1,479,631
Claims and other expenses paid	-	-	(555,584)	-	(555,584)
Insurance acquisition cash flows	(86,466)	-	-	-	(86,466)
Total cash flows	1,393,165	-	(555,584)	-	837,581
Net insurance contract liabilities as at 31 December	334,456	6,018	688,992	34,007	1,063,473
Insurance contract liabilities as at 31 December	337,826	5,578	687,936	34,005	1,065,345
Insurance contract assets as at 31 December	(3,370)	440	1,056	2	(1,872)
Net insurance contract liabilities as at 31 December	334,456	6,018	688,992	34,007	1,063,473

10 Insurance contract liabilities and reinsurance contract assets (continued)

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

Contracts measured under the PAA

2024	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Reinsurance contract assets as at 1 January	182,179	474	556,814	30,397	769,864
Reinsurance contract liabilities as at 1 January	(72,612)	79	24,883	30	(47,620)
Net reinsurance contract assets as at 1 January 2024	109,567	553	581,697	30,427	722,244
Allocation of reinsurance premiums	(511,485)	-	-	-	(511,485)
Amounts recoverable from reinsurers for incurred claims	-	5,751	721,695	22,805	750,251
Amounts recoverable for incurred claims and other	-	-	903,650	66,374	970,024
Loss-recovery on onerous underlying contracts and ..	-	5,751	-	-	5,751
Changes to amounts recoverable for incurred claims	-	-	(181,955)	(43,569)	(225,524)
Net (expense)/income or from reinsurance contracts held	(511,485)	5,751	721,695	22,805	238,766
Reinsurance finance income	-	-	49,782	2,855	52,637
Effect of changes in non-performance risk of reinsurers	-	-	(1,047)	-	(1,047)
Total changes in the statement of comprehensive income	(511,485)	5,751	770,430	25,660	290,356
Cash flows					
Premiums paid	519,719	-	-	-	519,719
Amounts received	-	-	(299,373)	-	(299,373)
Total cash flows	519,719	-	(299,373)	-	220,346
Net reinsurance contract assets as at 31 December	117,801	6,304	1,052,754	56,087	1,232,946
Reinsurance contract assets as at 31 December	197,327	6,304	1,027,466	56,087	1,287,184
Reinsurance contract liabilities as at 31December	(79,526)	-	25,288	-	(54,238)
Net reinsurance contract assets as at 31 December	117,801	6,304	1,052,754	56,087	1,232,946

10 Insurance contract liabilities and reinsurance contract assets (continued)

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

2023	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Reinsurance contract assets as at 1 January	175,577	18,866	625,212	30,925	850,580
Reinsurance contract liabilities as at 1 January	(3,532)	-	761	118	(2,653)
Net reinsurance contract assets as at 1 Jaunuary 2024	172,045	18,866	625,973	31,043	847,927
Allocation of reinsurance premiums	(1,094,609)	-	-	-	(1,094,609)
Amounts recoverable from reinsurers for incurred claims	-	(18,313)	255,692	(2,198)	235,181
Amounts recoverable for incurred claims and other expenses	-	-	386,173	15,463	401,636
Loss-recovery on onerous underlying contracts and	-	(18,313)	-	-	(18,313)
Changes to amounts recoverable for incurred claims	-	-	(130,481)	(17,661)	(148,142)
Net income or expense from reinsurance contracts held	(1,094,609)	(18,313)	255,692	(2,198)	(859,428)
Reinsurance finance income	-	-	29,705	1,582	31,287
Effect of changes in non-performance risk of reinsurers	-	-	20	-	20
Total changes in the statement of comprehensive income	(1,094,609)	(18,313)	285,417	(616)	(828,121)
Cash flows					
Premiums paid	1,032,131	-	-	-	1,032,131
Amounts received	-	-	(329,693)	-	(329,693)
Total cash flows	1,032,131	-	(329,693)	-	702,438
Net reinsurance contract assets as at 31 December	109,567	553	581,697	30,427	722,244
Reinsurance contract assets as at 31 December	182,179	474	556,814	30,397	769,864
Reinsurance contract liabilities as at 31 December	(72,612)	79	24,883	30	(47,620)
Net reinsurance contract assets as at 31 December	109,567	553	581,697	30,427	722,244

10 Insurance contract liabilities and reinsurance contract assets (continued)

In addition to scenario testing, the development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Group's estimate of liability for incurred claims for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position. The following tables illustrate the Group's estimate of total liability for incurred claims for the years up to 2024.

Gross Insurance contract liabilities at 31 December 2024

	2018 and prior AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
At the end of each reporting year	-	412,674	309,469	439,340	368,643	541,437	1,427,144	3,498,707
One year later	-	357,605	301,904	392,927	250,449	408,512	-	1,711,397
Two years later	-	382,248	246,934	316,029	262,339	-	-	1,207,550
Three years later	-	385,760	245,869	312,277	-	-	-	943,906
Four years later	-	363,828	256,833	-	-	-	-	620,661
Five years later	-	364,015	-	-	-	-	-	364,015
Six years later	-	-	-	-	-	-	-	-
Seven years later	-	-	-	-	-	-	-	-
Estimate of cumulative claims	36,314	364,015	256,833	312,277	262,339	408,512	1,427,144	3,067,434
Cumulative payments to date	-	(305,462)	(230,727)	(295,399)	(209,165)	(335,830)	(535,792)	(1,912,375)
Unallocated loss adjustment expense	217	224	247	166	446	702	11,874	13,876
Total gross undiscounted liabilities for incurred claims	36,531	58,777	26,353	17,044	53,620	73,384	903,226	1,168,935
Effect of discounting	-	-	-	-	-	-	-	(69,210)
Claims payable	-	-	-	-	-	-	-	123,625
Total discounted gross reserves included in the statement of financial position	36,531	58,777	26,353	17,044	53,620	73,384	903,226	1,223,350
Risk Adjustments	-	-	-	-	-	-	-	63,410
Gross Insurance contract liabilities at 31 December 2024	36,531	58,777	26,353	17,044	53,620	73,384	903,226	1,286,760

10 Insurance contract liabilities and reinsurance contract assets (continued)

Net Insurance contract liabilities at 31 December 2024

	2018 and prior AED'000	2019 AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	2024 AED'000	Total AED'000
At the end of each reporting year	-	190,696	138,079	132,944	120,259	170,495	463,276	1,215,749
One year later	-	181,915	125,640	122,667	108,638	173,929	-	712,789
Two years later	-	176,081	123,835	117,082	109,080	-	-	526,078
Three years later	-	174,357	119,387	115,355	-	-	-	409,099
Four years later	-	175,414	117,433	-	-	-	-	292,847
Five years later	-	174,699	-	-	-	-	-	174,699
Six years later	-	-	-	-	-	-	-	-
Seven years later	-	-	-	-	-	-	-	-
Estimate of cumulative claims	3,623	174,699	117,433	115,355	109,080	173,929	463,276	1,157,395
Cumulative payments to date	-	(172,740)	(114,377)	(112,887)	(102,723)	(167,768)	(349,486)	(1,019,981)
Unallocated loss adjustment expense reserve	217	224	247	166	446	702	11,874	13,876
Total net undiscounted liabilities for incurred claims	3,840	2,183	3,303	2,634	6,803	6,863	125,664	151,290
Effect of discounting	-	-	-	-	-	-	-	(4,566)
Effect of non-performance risk of reinsurers	-	-	-	-	-	-	-	1,679
Claim payable – net	-	-	-	-	-	-	-	22,193
Total discounted net reserves included in the statement of financial position	3,840	2,183	3,303	2,634	6,803	6,863	125,664	170,596
Risk adjustments	-	-	-	-	-	-	-	7,323
Net risk adjustments	3,840	2,183	3,303	2,634	6,803	6,863	125,664	177,919

During the year ended 31 December 2024, UAE witnessed unprecedented heavy rainfall causing significant damages to properties and vehicles. These events largely contributed to the increase in the reported and paid claims of the group majorly in motor and engineering portfolios.

11 Other receivables and prepayments

	2024 AED'000	2023 AED'000
Other receivables	**44,252**	35,862
Prepayments	**2,266**	2,035
	46,518	37,897

12 Term deposits

These represent deposits with bank amounting to AED 271 million as at 31 December 2024 (2023: AED 196 million), carry average interest at the rate of 4.62% (2023: 5.37%) per annum with original maturity of 1 year.

13 Cash and cash equivalents

	2024 AED'000	2023 AED'000
Current accounts with banks	**64,681**	57,742
Cash on hand	**351**	149
Time deposits	**271,019**	195,769
Cash and bank balances	**336,051**	253,660
Less: fixed deposits with an original maturity of more than three months (note 12)	**(271,019)**	(195,769)
Cash and cash equivalents	**65,032**	57,891

14 Share capital

	2024 AED'000	2023 AED'000
Authorised, issued and fully paid:		
15,000,000 shares of AED 10 each	**150,000**	150,000

15 Reserves

Legal reserve

In accordance with the UAE Federal Law No. (32) of 2021 concerning Commercial Companies and the Group's Articles of Association, 10% of profit is to be transferred to non-distributable legal reserve until the balance of the legal reserve equals 50% of the Group's paid up share capital. This reserve is not available for dividend distribution.

15 Reserves (continued)

General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors as per the authority granted to them in the Group's Articles of Association. This reserve may be used for such purposes as they deem fit.

Technical reserve

The Technical reserve is established to cover unforeseen future risks, which may arise from general insurance risks.

Investment revaluation reserve

Investment's revaluation reserve represents the accumulated unreleased gains or losses that are recognised on investments carried at fair value through other comprehensive income at reporting date.

Reinsurance reserve

In accordance with Article (34) to Insurance Authority's Board of Directors Decision No (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of the United Arab Emirates ("CBUAE") shall bind in the preparation of its annual consolidated financial statements and its final accounts to allocate an amount equal to 0.5% (Five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Group deals to pay what is due to the Group or default in its financial position. The provision shall be accounted year after year based on the reinsurance premiums ceded and may not be disposed of without the written approval of the Director General of the Banking and Insurance Supervision Department of CBUAE. The decision was effective from 1 December 2020. Accordingly, an amount of AED 22.965 million (31 December 2023: 19.697 million) has been recorded in equity as a reinsurance default risk reserve.

16 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Group, and the companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Directors are expected to avoid any action, position or interest that conflict with an interest of the Group. Details of all transactions in which a Director and/or related parties might have actual or potential conflicts are provided to the Board of Directors for their review and approval. When a potential conflict of interest arises, Directors concerned neither participates in the discussions nor exercise any influence over other members of the Board. If a major shareholder or a Director has any conflict of interests with any matter to be considered by the Board of Director and the Board of Directors determines that such a matter is significant, the decision thereon by the Board of Directors shall be made in the presence of all Directors and in the absence of the interested Director's vote.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, being the directors, managing director and his direct reports.

16 Related party transactions and balances (continued)

The following balances were outstanding at the end of the reporting period:

	Nature of relationship	**2024 AED'000**	2023 AED'000
Due from related parties (included in Insurance contract liabilities)			
Related parties due to common directorship	*Affiliates*	**11,684**	8,457
Key management personnel	*Key management personnel*	**604**	319
Due to related parties			
Remuneration of the Directors	*Directors*	**1,400**	3,845

Related party transactions

The Group, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in IFRS.

The following are the details of significant transactions with related parties:

		2024 AED'000	2023 AED'000
Insurance revenue from Directors' affiliates	*Affiliates*	**3,912**	3,555
Net claims paid to Directors' affiliates		**53**	119
Board of directors' remuneration	*Directors*	**1,400**	3,845
Remuneration of key management personnel	*Key management personnel*	**12,861**	11,795

The remuneration of the Board of Directors is subject to approval by the shareholders at the forthcoming Annual General Meeting.

The remuneration of key management personnel is based on the threshold allowed in accordance with Federal Law no 32 of 2021.

17 Provision for employees' end of service benefits

	2024 AED'000	2023 AED'000
At 1 January	**17,962**	12,865
Charge for the year	**6,005**	5,488
Paid during the year	**(9,110)**	(391)
At 31 December	**14,857**	17,962

During the year, the Group paid pension contributions in respect of UAE national employees amounting to AED 700 thousand (2023: AED 615 thousands).

18 Accruals and other payables

	2024 AED'000	2023 AED'000
Directors' remuneration (note 16)	**1,400**	3,845
Other payables	**59,128**	41,023
	60,528	44,868

19 Profit for the year

Profit for the year is stated after charging:

	2024 AED'000	2023 AED'000
Staff costs	**55,148**	52,221
Depreciation and amortization	**16,406**	16,397

20 Gross written premiums

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

31 December 2024	**Life Insurance AED'000**	**Medical Insurance AED'000**	**Property & Liability AED'000**	**All types of Business Combined AED'000**
Direct written premiums	**3,403**	**112,371**	**817,992**	**933,766**
Assumed business				
Foreign	**-**	**-**	**104,386**	**104,386**
Local	**-**	**-**	**240,671**	**240,671**
Total assumed business	**-**	**-**	**345,057**	**345,057**
Gross written premiums	**3,403**	**112,371**	**1,163,049**	**1,278,823**

20 Gross written premium (continued)

31 December 2023	Life Insurance AED'000	Medical Insurance AED'000	Property & Liability AED'000	All types of Business Combined AED'000
Direct written premiums	1,895	82,866	1,149,153	1,233,914
Assumed business				
Foreign	-	-	88,950	88,950
Local	-	-	196,102	196,102
Total assumed business	-	-	285,052	285,052
Gross written premiums	1,895	82,866	1,434,205	1,518,966

21 Income from investments, net

	2024 AED'000	2023 AED'000
Dividend income	**21,258**	13,714
Interest income	**21,962**	12,858
Fair value gain on financial assets carried at FVTPL	**1,875**	926
Other investment loss/expenses	**(446)**	(480)
Gain on sale of investment and securities	**836**	-
	45,485	27,018

22 Other income

	2024 AED'000	2023 AED'000
Income from hotel operations - net (Note 22.1)	**20,256**	21,955
Rent income	**3,089**	1,441
Other income	**744**	1,061
	24,089	24,457

22.1 Income from hotel operations – net

	2024 AED'000	2023 AED'000
Revenue from hotel operations	**68,788**	67,357
Cost of revenue from hotel operations	**(22,613)**	(21,462)
General, administrative and other expenses	**(25,919)**	(23,940)
	20,256	21,955

23 Other expenses

	2024 AED'000	2023 AED'000
Depreciation	**13,098**	13,098
Other expenses	**6,730**	9,793
	19,828	22,891

24 Basic and diluted (loss) / earnings per share

Basic (loss) / earnings per share amounts for the year are calculated by dividing (loss) / profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted (loss) / earnings per share amounts are calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive instruments.

	2024 AED'000	2023 AED'000
(Loss)/profit for the year after tax	**(27,946)**	34,604
Weighted average number of ordinary shares in issue throughout the year (Shares'000)	**150,000**	150,000
Basic and diluted (loss) / earnings per share (AED)	**(1.86)**	2.31

As of 31 December 2024, and 2023, the Group has not issued any instruments that have an impact on the basic and diluted earnings per share when exercised.

25 Commitment and contingencies

The Group's bankers have issued in the normal course of business letters of guarantee in favour of third parties amounting to AED 12.87 million (31 December 2023: AED 15.13 million).

The Group is subject to litigation in the normal course of its business. The contingent liabilities amount to AED 12.71 million (31 December 2023: AED 13.54 million). Although the ultimate outcome of these claims cannot presently be determined, the management, based on advice from independent loss adjusters and internal legal counsel, has considered that existing provision is adequate to cover probable outflow of economic resource.

26 Dividend distribution

The Board of Directors had proposed cash dividends of 20% which is AED 2 per share amounting to AED 30 million for the year ended 31 December 2023 (AED 37.50 million for the year ended 31 December 2022). The dividends were approved on Annual General Meeting held on 23 April 2024 and were paid to the shareholders during the year.

27 Risk management

Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group 's shareholders from events that could 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.

Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach to manage the risks that affect its capital position. The capital management objectives are:

- To maintain the required level of stability of the Group thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- To retain financial flexibility by maintaining strong liquidity;
- To align the profile of assets and liabilities taking account of risks inherent in the business;
- To hold sufficient capital to cover the statutory requirements;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders; and
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The operations of the Group are also subject to regulatory requirements within the United Arab Emirates where it operates.

Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity funds provided by shareholders.

The Group has had no significant changes in its policies and processes relating to its capital structure during the previous years.

No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2024. Capital comprises share capital, legal reserve, technical reserves, general reserve, reinsurance default reserve, investment revaluation reserve and retained earnings, and is measured at AED 1,300 million as at 31 December 2024 (2023: AED 1,330 million).

27 Risk management (continued)

Approach to capital management (continued)

On 28 December 2014, the Central Bank of the United Arab Emirates ("CBUAE") issued Financial Regulations for Insurance Companies and were then subsequently published in the UAE Official Gazette No. 575 on 28 January 2015 and came into force on 29 January 2015. The Group is subject to local insurance solvency regulations. The Group has incorporated in its policies and procedures the necessary tests to ensure compliance with such regulations.

The Group's objectives when managing capital, which the Group considers to be the equity as shown in the statement of financial position, are:

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

In the UAE, the CBUAE specifies the minimum amount and type of capital that must be held by the Group in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

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

	2024 **AED'000**	2023 AED'000
Total capital held	**150,000**	150,000
Minimum regulatory capital	**100,000**	100,000

The CBUAE has issued resolution no. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing insurance companies and AED 250 million for reinsurance companies. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Group is in compliance with these rules.

27 Risk management (continued)

Approach to capital management (continued)

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

	30 September 2024 AED'000	31 December 2023 AED'000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**286,838**	225,872
Minimum Guarantee Fund (MGF)	**123,557**	75,291
Own Funds		
Basic Own Funds	**970,319**	1,080,076
MCR Solvency Margin surplus	**870,319**	980,076
SCR Solvency Margin surplus	**683,481**	854,203
MGF Solvency Margin surplus	**846,762**	1,004,785

28 Insurance and financial risk

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

The chairman of the Insurance Authority (now Central Bank of the UAE) vide Board of Directors' Decision No. (25) of 2014 dated 28th December 2014, issued Financial Regulation for Insurance Companies (FRIC) applicable to insurance companies incorporated in the UAE and the foreign insurance companies licensed to practice the activity in the UAE.

28 Insurance and financial risk (continued)

Regulatory framework (continued)

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

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

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

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

28 Insurance and financial risk (continued)

Insurance risk (continued)

Frequency and severity of claims

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

Property insurance contracts are underwritten by reference to the commercial replacement value of the properties and contents insured and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. Property insurance contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

The reinsurance arrangements include excess and catastrophe coverage. The Group has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

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

	As at 31 December 2024		
	Gross AED'000	**Reinsurance AED'000**	**Net AED'000**
Life and medical	**43,623**	**(40,981)**	**84,604**
Motor and general	**1,677,115**	**1,273,927**	**403,188**
	1,720,738	**1,232,946**	**487,792**

	As at 31 December 2023		
	Gross AED'000	Reinsurance AED'000	Net AED'000
Life and Medical	43,494	(41,762)	85,256
Motor and General	1,019,979	764,006	255,973
	1,063,473	722,244	341,229

28 Insurance and financial risk (continued)

Insurance risk (continued)

Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

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

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

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

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

28 Insurance and financial risk (continued)

Insurance risk (continued)

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

The initial estimate of the loss ratios used for the current year before and after reinsurance are analysed below by type of risk where the insured operates for current and prior year premium earned.

	2024		2023	
	Gross loss ratio	**Net loss ratio**	Gross loss ratio	Net loss ratio
Life insurance	**(2.54) %**	**0.56%**	83.46%	60.75%
Non-life insurance	**112.41%**	**88.67%**	31.27%	68.76%

A hypothetical 1% change in the loss ratio, net of reinsurance, would impact insurance service result as follows:

	For the year ended 31 December	
	2024	2023
	AED'000	AED'000
Impact of change in loss ratio by +/- 1%		
Motor	**3,542**	791
Marine Cargo	**1**	15
Marine Hull	**34**	35
Aviation	**-**	1
Fire	**65**	27
General Accident	**101**	4
Liability	**9**	5
Engineering	**10**	14
Energy	**50**	12
Medical	**826**	725
Life	**-**	2

28 Insurance and financial risk (continued)

Insurance risk (continued)

Process used to decide on assumptions

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

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or Group's accident years within the same class of business. An analysis of Group's claim development is presented in note 10.

Concentration of insurance risk

Substantially all the Group's underwriting business are carried out in the United Arab Emirates (UAE).

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements.

28 Insurance and financial risk (continued)

Insurance 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 Group.

Key areas where the Group is exposed to credit risk are:
• reinsurance contract assets
• amounts due from insurance contract holders;
• amounts due from banks for its bank balances and term deposits and debt securities.

The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of their 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 the management annually.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group 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 Group 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 Group. Management information includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition.

For expected premium and reinsurance receipts the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group 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 and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are registered banks with sound financial positions.

At 31 December 2024 and 2023, all term deposits were placed with banks within UAE. Management is confident that this concentration of liquid assets at year-end does not result in any credit risk to the Group as the banks are major banks operating in the UAE and are highly regulated by the Central Bank.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk for such receivables and liquid funds.

28 Insurance and financial risk (continued)

Insurance risk (continued)

Credit risk (continued)

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	Notes	**2024** **AED'000**	2023 AED'000
Statutory deposits	7	**10,000**	10,000
Financial assets carried at FVTOCI	8	**578,812**	551,326
Financial assets carried at FVTPL	9	**21,882**	3,257
Insurance contract assets	10	**3,245**	1,872
Reinsurance contract assets	10	**1,287,184**	769,864
Other receivables	11	**44,252**	35,862
Term deposits	12	**271,019**	195,769
Cash at banks	13	**65,032**	57,742
Total credit risk exposure		**2,281,426**	1,625,692

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group is exposed to market risk with respect to its investment securities. The Group limits market risks by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect the market movements, including analysis of the operational and financial performance of investees.

At the end of the reporting period, if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's other comprehensive income would have increased/decreased by AED 37.7 million (2023: AED 36.6 million) in the case of the financial investments at fair value through other comprehensive income.

28 Insurance and financial risk (continued)

Insurance risk (continued)

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 Group. The Group is exposed to interest rate risk on its debt securities and term deposits that carry fixed interest rates which are detailed in Notes 8 and 12, respectively.

The Group generally tries 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.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for interest-bearing financial assets assuming the amount of assets at the end of the reporting period were outstanding for the whole year.

As all the interest-bearing financial assets and liabilities of the Group carry fixed interest rates, the Group is not subject to fluctuation of interest rate at the reporting date.

31 December 2024

	Impact on profit gross of reinsurance AED'000	Impact on profit net of reinsurance AED'000	Impact on equity gross of reinsurance AED'000	Impact on equity net of reinsurance AED'000
Risk Adjustment				
1% increase	**(634)**	**(73)**	**(634)**	**(73)**
1% decrease	**634**	**73**	**634**	**73**
Discounting				
1% increase	**13,883**	**1,280**	**13,883**	**1,280**
1% decrease	**(14,173)**	**(1,299)**	**(14,173)**	**(1,299)**

28 Insurance and financial risk (continued)

Insurance risk (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis (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'000	AED'000	AED'000	AED'000
Risk adjustment				
1% increase	462	158	462	158
1% decrease	(462)	(158)	(462)	(158)
Discounting				
1% increase	7,029	1,663	7,029	1,663
1% decrease	(7,154)	(1,691)	(7,154)	(1,691)

Currency risk

Foreign currency risk is the risk that financial instrument will fluctuate due to change in foreign exchange rates. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures. Management believes that there is a minimal risk of significant loss due to exchange rate fluctuations and consequently the Group does not hedge its foreign currency exposure.

The Group's major transactions in foreign currencies are in US Dollars. As the exchange rates of the UAE Dirham is pegged to the US Dollar, the Group is not subject to significant currency risk.

28 Insurance and financial risk (continued)

Insurance 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. The Group manages the liquidity risk through a risk management framework for the Group's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent and bank facilities, to ensure that funds are available to meet their commitments for liabilities as they fall due.

The maturity profile is monitored by management to ensure adequate liquidity is maintained. The following table summarises the maturity profile of the Group's financial assets and liabilities based on remaining contractual obligations including interest receivable and payables.

The table below summarises the maturities of the Group's undiscounted liabilities at 31 December 2024 and 31 December 2023, based on contractual payment dates and current market interest rates.

	Current Up to 1 year AED'000	Non-current >1 year AED'000	Total AED'000
31 December 2024			
Insurance contract liabilities	**1,723,983**	**-**	**1,723,983**
Reinsurance contract liabilities	**54,238**	**-**	**54,238**
Provision for employees' end of service benefits	**-**	**14,857**	**14,857**
Accruals and other payables	**60,528**	**-**	**60,528**
	1,838,749	**14,857**	**1,853,606**
31 December 2023			
Insurance contract liabilities	1,065,345	-	1,065,345
Reinsurance contract liabilities	47,620	-	47,620
Provision for employees' end of service benefits	-	17,962	17,962
Accruals and other payables	44,868	-	44,868
	1,157,833	17,962	1,175,795

28 Insurance and financial risk (continued)

Insurance risk (continued)

Liquidity risk (continued)

The expected maturity profile of the assets at 31 December 2024 and 2023 is as follows:

	Less than one year AED'000	More than one year AED'000	No maturity date AED'000	Total AED'000
31 December 2024				
Statutory deposits	**-**	**-**	**10,000**	**10,000**
Financial assets carried at FVTOCI	**-**	**578,812**	**-**	**578,812**
Financial assets carried at FVTPL	**21,882**	**-**	**-**	**21,882**
Insurance contract assets	**3,245**	**-**	**-**	**3,245**
Reinsurance contract assets	**1,287,184**	**-**	**-**	**1,287,184**
Other receivables and prepayments	**44,252**	**-**	**-**	**44,252**
Term deposits	**271,019**	**-**	**-**	**271,019**
Cash and cash equivalents	**65,032**	**-**	**-**	**65,032**
	1,692,614	**578,812**	**10,000**	**2,281,426**

	Less than one year AED'000	More than one year AED'000	No maturity date AED'000	Total AED'000
31 December 2023				
Statutory deposits	-	-	10,000	10,000
Financial assets carried at FVTOCI	-	551,326	-	551,326
Financial assets carried at FVTPL	3,257	-	-	3,257
Insurance contract assets	1,872	-	-	1,872
Reinsurance contract assets	769,864	-	-	769,864
Other receivables and prepayments	37,897	-	-	37,897
Term deposits	195,769	-	-	195,769
Cash and cash equivalents	57,891	-	-	57,891
	1,066,550	551,326	10,000	1,627,876

29 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of statutory deposits, investments carried at fair value through other comprehensive income, insurance receivables, deposits, bank balances and cash, and certain other assets. Financial liabilities consist of insurance payables, lease liabilities and certain other liabilities.

The fair values of the financial assets and liabilities are not materially different from their carrying values.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31 December 2024 and 31 December 2023:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2024				
Investments carried at FVTOCI	**556,233**	**20,000**	**2,579**	**578,812**
Investments carried at FVTPL	**21,882**	**-**	**-**	**21,882**
	578,115	**20,000**	**2,579**	**600,694**
31 December 2023				
Investments carried at FVTOCI	528,747	20,000	2,579	551,326
Investments carried at FVTPL	3,257	-	-	3,257
	532,004	20,000	2,579	554,583

Valuation technique:
Level 1: Quoted bid prices in an active market
Level 2: Market data obtained from observable sources
Level 3: Net assets value based on audited financials

During the reporting periods ended 31 December 2024 and 31 December 2023, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

29 Fair value of financial instruments (continued)

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

Financial assets	Fair value as at 2024 AED'000	Fair value as at 2023 AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments – FVTOCI	**377,271**	366,242	Level 1	Quoted bid prices in an active market.	None	N/A
Quoted debts instruments – FVTOCI	**178,962**	162,505	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted debt investments – FVTOCI	**20,000**	20,000	Level 2	Unquoted debt Market data obtained from observable sources	None	N/A
Unquoted equity investments – FVTOCI	**2,579**	2,579	Level 3	Adjusted net assets valuation method after adjusting for certain components in financial information of underlying companies.	Net assets value	Higher the net assets value of the investees, higher the fair value
Quoted equity investments – FVTPL	**21,882**	3,257	Level 1	Quoted bid prices in an active market.	None	N/A

30 Segment reporting

30.1 Segment revenue and results

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately because they require different approach, technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business - incorporating all classes of general insurance such as fire, marine, motor, medical, general accident and miscellaneous.
- Investments - incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and investment properties and other securities.

	2024			2023		
	Insurance AED'000	**Investments AED'000**	**Total AED'000**	Insurance AED'000	Investments AED'000	Total AED'000
Segment Revenue	**1,140,701**	**51,010**	**1,191,711**	1,429,385	29,378	1,458,763
Segment result	**(87,806)**	**51,010**	**(36,796)**	3,660	29,378	33,038
Unallocated			**4,261**	-	-	1,566
(loss) / pofit for the year			**(32,535)**			34,604

30.2 Segment assets and liabilities

	As at 31 December 2024			As at 31 December 2023		
	Insurance AED'000	**Investments AED'000**	**Total AED'000**	Insurance AED'000	Investments AED'000	Total AED'000
Segment assets	**2,119,074**	**969,603**	**3,088,677**	1,603,038	844,633	2,447,671
Unallocated assets	**-**	**-**	**65,032**	-	-	57,891
Total assets	**2,119,074**	**969,603**	**3,153,709**	1,603,038	844,633	2,505,562
Segment liabilities	**1,838,749**	**-**	**1,838,749**	1,157,833	-	1,157,833
Unallocated liabilities	**-**	**-**	**14,857**	-	-	17,962
Total liabilities	**1,838,749**	**-**	**1,853,606**	1,157,833	-	1,175,795

30 Segment reporting (continued)

30.3 Revenue from underwriting departments

The following is an analysis of the Group's insurance revenues classified by major underwriting departments.

	2024	2023
	AED'000	AED'000
Motor	**373,457**	124,540
Marine and aviation	**82,970**	62,858
Fire and allied perils	**223,956**	182,372
General accident	**92,687**	103,356
Engineering and energy	**255,063**	770,412
Medical	**109,144**	184,402
Life	**3,424**	1,445
	1,140,701	1,429,385

There were no transactions between the business segments during the year.

31 Corporate tax

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 (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Company.

The Group is subject to the provisions of the UAE CT Law with effect from 1 July 2023, and current taxes have been accounted for as appropriate in the financial statements for the financial year beginning 1 September 2023.

31 Corporate tax (continued)

The taxable income of the Group that are in-scope for UAE CT purposes will be subject to the rate of 9% corporate tax.

Note relating to income tax expense/income	**2024**	2023
Deferred income tax	**AED**	AED
- Relating to carried forward tax losses for the current period	**4,589**	**-**
Total tax income for the year	**4,589**	**-**

The charge for the year can be reconciled to the profit before tax as follows:

	2024	2023
	AED	AED
(Loss) / profit before tax	**(32,535)**	34,604
Tax at the UAE corporate tax rate of 9% (2023: 0%)	**-**	
Deferred tax asset on losses carried forward	**4,913**	-
Deferred tax expense on unrealised gain on fair valuation of investment properties - P&L	**(324)**	-
Total tax income for the year - P&L	**4,589**	-
Deferred tax expense / liability on unrealised gain on fair value of debt instruments - OCI (to be subsequently reclassified to P&L)	**(93)**	-
Deferred tax expense / liability on unrealised gain on fair valuation of investments - OCI (not to be subsequently reclassified to P&L)	**(2,444)**	-
Total tax income for the year - OCI	**2,537**	-

The UAE CT Law provides certain options to the Companies which may be selected by the time of the first filing of the tax return. At the reporting date, the Group has unused tax losses of AED 32,535 (2023: Nil) available for offset against future profits. The Group has concluded that it is probable that such losses would be utilized against future taxable profits. Accordingly, a deferred tax asset has been recognized in P&L amounting to AED 4,589 thousands (2023: Nil) in respect of such losses.

32 Subsequent events

There have been no events subsequent to the consolidated statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2024.

33 Approval of consolidated financial statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 17 March 2025.