Dubai National Insurance & Reinsurance Co. (P.S.C.)

Financial Statements
For the year ended 31 December 2024

Dubai National Insurance & Reinsurance Co. (P.S.C.)

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Dubai National Insurance
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Dubai National Insurance & Reinsurance PSC (DNIR)
Board of Directors' Statement
For the year ended 31st December 2024

On behalf of the Board of Directors, I would like to present our 33rd Financial Results together with the Audited Financial Statements for the year ended 31st December 2024.

I am delighted to announce that DNIR has reported excellent profitability for the year 2024 achieving a net profit of AED 53.5 million. This is a result of the sound and prudent underwriting strategy as well as the strong investment income. The company performed commendably in a year when the country has seen unprecedented challenges due to the heavy rains.

The April 2024 floods in UAE were a stark reminder of the increasing climate- related risks and the crucial role of the insurance industry in providing economic stability. In response, DNIR took swift action to support policy holders, expediting claim settlements and enhancing customer assistance to provide a smooth and transparent claims settlement service.

DNIR's Board of Directors, as well as the management team, remain committed to providing comprehensive, innovative and reliable insurance solutions that protect individuals, businesses and communities from unforeseen risks. We remain steadfast in our commitment to delivering sustainable growth, operational excellence and long-term value for our stakeholders. Our priority remains to ensure that the company is positioned amongst the regional market leaders by leveraging on our innovative capabilities and differentiated offering.

DNIR continues to build on its strong relationships with customers and partners, a diversified business mix, operational excellence, and disciplined financial management to ensure that we continue to deliver excellent technical results, thereby generating a consistent return to our esteemed shareholders.

<u>**Key Financial Highlights**</u>

Insurance Revenue
DNIR Insurance Revenue increased to AED 469.1 million during 2024, compared to AED 448.3 million for the year 2023.

Cash and Bank Balances
DNIR cash and bank balances increased to AED 246.3 million as at 31st December 2024, compared to AED 200.6 million as at 31st December 2023.

Investments
Total investments including cash and bank balances, Investments in Equity and Debt instruments and investment properties increased to AED 932.6 million as at 31st December 2024, compared to AED 838.4 million as at 31st December 2023.

Total Assets
The total assets increased to AED 1,656.6 million as at 31st December 2024, compared to AED 977.8 million as at 31st December 2023.

Shareholders' Equity
The Shareholders' Equity position increased to AED 803.2 million as at 31st December 2024, compared to AED 722.6 million as at 31st December 2023.

Basic and Diluted Earnings Per Share

Basic and diluted earnings per share increased to AED 0.46 as a result of achieving a net profit of AED 53.5 million for the year 2024 compared to basic and diluted earnings per share of AED 0.41 resulting from a net profit of AED 47.1 million last year. The Board is pleased to recommend to the shareholders a 15% cash dividend amounting to AED 17.325 million.

We acknowledge the gratitude, support, and guidance received from our UAE's leadership. We take this opportunity to thank all our shareholders, clients, business partners, reinsurers, employees and regulators for their trust and confidence in the company.

We head into 2025 with renewed optimism and a focus on continuity and progress. As UAE's economy evolves, DNIR remains committed to building a resilient, future-ready insurance business that delivers sustainable returns and makes a meaningful impact. I am fully confident in our ability to continue building on our expertise to deliver value for the community and our stakeholders over the coming years by supporting the country's long-term growth.

Khalaf Ahmad Al Habtoor
Chairman of the Board

Dubai National Insurance & Reinsurance PSC (DNIR)
Chief Executive Officer's Statement
For the year ended 31st December 2024

I am pleased to present DNIR's financial results for the year ended 31st December 2024.

DNIR experienced another successful year, characterized by significant underwriting growth across key business lines and strong investment income, culminating in a net profit of AED 53.5 million. Despite the unprecedented challenges faced by UAE insurance sector due to the heavy rains, this performance underscores the Company's steadfast commitment to a sound and prudent underwriting strategy. The UAE devasting floods of April 2024 were a pivotal moment for the insurance industry, underscoring the critical role we play in safeguarding businesses and individuals. At DNIR we took swift action to support our customers by accelerating claims settlements, enhancing digital capabilities and by improving our customer service.

We remain dedicated to implementing our automation and digitalization plans to ensure fast and efficient customer service. Additionally, we will continue to take necessary measures to maximize shareholder value and contribute to societal and community betterment.

We will persist in optimizing our business and introducing innovative products and services to meet our customers' evolving needs.

Key Financial Highlights

Insurance Revenue
DNIR's insurance revenue increased to AED 469.1 million in 2024, up from AED 448.3 million in 2023.

Insurance Service Result
DNIR's insurance service result was AED (2.3) million in 2024, compared to AED 15.7 million in 2023.

Net Investment Income
DNIR's net investment income rose to AED 63.2 million in 2024, from AED 37.6 million in 2023.

Net Profit
DNIR's net profit increased to AED 53.5 million in 2024, compared to AED 47.1 million in 2023.

These positive results reflect the superior underwriting capabilities of the company and the success of our transformation strategy. We continue to ensure that we deliver excellent results. thereby generating consistent returns for our esteemed shareholders.

Appreciation
I extend my sincere thanks to our Chairman, Board of Directors, and shareholders for their continued support and guidance, our clients and business partners for their trust in our company, and our management team and employees for their diligent efforts.

A.R. Srinivasan
Chief Executive Officer

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dubai National Insurance & Reinsurance Co. (P.S.C.) (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its 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 (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")*, together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of reinsurance contract assets and insurance contract liabilities	
As at 31 December 2024, the Company's reinsurance contract assets and insurance contract liabilities are valued AED 662 million and AED 815 million respectively. (refer Note 7). Valuation of reinsurance contract assets and insurance contract liabilities involves significant judgements and estimates particularly with respect to, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims. These liabilities primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries. The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cashflows. As a result of all the above factors, we consider valuation of reinsurance contract assets and insurance contract liabilities as a key audit matter.	Our audit procedures in conjunction with our actuarial specialists: - Understood and evaluated the process, the design of controls in place to determine valuation of reinsurance contract assets and insurance contract liabilities; - Assessed the competence, capabilities and objectivity of the management appointed actuary; - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows; - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - We independently reperformed the calculation to assess the mathematical accuracy of the reinsurance contract assets and insurance contract liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves; - Evaluated and tested the calculation of the allowance for expected credit loss including the data, key assumptions and judgments used; and - Assessed the adequacy of disclosures included in financial statements against the requirements of IFRS.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements (continued)

Other Information

The Board of Directors and the Chief Executive Officer is responsible for the other information. The other information comprises the information included in the *Board of Directors' Statement* and *Chief Executive Officer's Statement*, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and their preparation in compliance with the applicable provisions of the articles of association of the Company, UAE Federal Decree Law No. (32) of 2021, Federal Decree Law No. (48) of 2023 regarding the regulation of Insurance activities and, Central Bank of the UAE Board of Directors' Decision No. (25) of 2014 pertinent to the Financial Regulations for Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

iii) The Company has maintained proper books of account in accordance with established accounting principles;

iv) The financial information included in the Board of *Directors' Statement and Chief Executive Officer's Statement* is consistent with the books of account of the Company;

v) Note 6 to the financial statements discloses shares purchased during the financial year ended 31 December 2024;

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

vii) The Company has not made any social contribution during the financial year ended 31 December 2024;

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Independent Auditor's Report

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

Report on Other Legal and Regulatory Requirements (Continued)

viii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the Federal Decree Law No. (32) of 2021, or of its Memorandum of Association which would materially affect its activities or its financial position as at 31 December 2024;

Further, as required by the UAE Federal Decree 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.

Furthermore, as required by the CBUAE Insurance Reporting Requirements, note 6 and note 10 to the financial statements discloses information on assets that are held by a related party for the beneficial interest of the Company.

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

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

20 March 2025

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Statement of financial position
As at 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Assets			
Property and equipment	4	**5,458**	4,739
Investment properties	5	**175,605**	158,480
Financial assets	6	**510,702**	479,366
Reinsurance contract assets	7	**662,211**	91,306
Statutory deposit	8	**10,000**	10,000
Other receivables	9	**46,348**	33,300
Cash and bank balances	11	**246,322**	200,614
Total assets		**1,656,646**	977,805
Equity and liabilities			
Equity			
Share capital	12	**115,500**	115,500
Statutory reserve	13	**57,750**	57,750
General reserve	13	**180,000**	180,000
Reinsurance reserve	13	**5,678**	4,413
Fair value reserve on financial assets at fair value through other comprehensive income (FVTOCI)		**206,642**	168,145
Retained earnings		**237,576**	196,847
Total equity		**803,146**	722,655
Liabilities			
Employees' end-of-service benefits	14	**4,740**	4,726
Insurance contract liabilities	7	**814,950**	222,243
Other payables	15	**27,186**	28,181
Income tax payable	24	**1,354**	-
Deferred tax liability	24	**5,270**	-
Total liabilities		**853,500**	255,150
Total equity and liabilities		**1,656,646**	977,805

These financial statements were approved by the Board of Directors on 20 March 2025 and signed on their behalf by:

Mr. Khalaf Ahmad Al Habtoor
Chairman

Mr. Mohammed Khalaf Al Habtoor
Board Member

The notes 1 to 30 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Statement of profit or loss
For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Insurance revenue		**469,122**	448,353
Insurance service expenses	16	**(1,249,604)**	(363,847)
Insurance service result before reinsurance contracts held		**(780,482)**	84,506
Allocation of reinsurance premiums		**(204,001)**	(226,310)
Amounts recoverable from reinsurers		**982,196**	157,571
Net income /(expenses) from reinsurance contracts held		**778,195**	(68,739)
Insurance service result		**(2,287)**	15,767
Income from investments	18	**37,562**	26,254
Income from investment properties	19	**25,678**	11,358
Net investment income		**63,240**	37,612
Insurance finance expense for insurance contracts issued	17	**(340)**	(484)
Reinsurance finance income/(expense) for reinsurance contracts held	17	**4,647**	(3,177)
Net insurance finance income/(expense)		**4,307**	(3,661)
Net insurance and investment result		**65,260**	49,718
Other income		**-**	60
Other operating expenses	20	**(8,838)**	(2,658)
Profit for the year before tax		**56,422**	47,120
Income tax expense	24	**(2,878)**	-
Profit for the year after tax		**53,544**	47,120
Basic and diluted earnings per share after tax	21	**0.46**	0.41

The notes 1 to 30 form an integral part of these financial statements.

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Statement of comprehensive income
For the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Profit for the year after tax	**53,544**	47,120
Other comprehensive income:		
Items that are or will be reclassified subsequently to profit or loss:		
Net unrealised gain on debt investments carried at FVTOCI – net of tax	**1,117**	131
Debt investment at FVTOCI – reclassified to profit or loss on maturity	**673**	-
Items that will not be reclassified subsequently to profit or loss		
Net unrealised gain on equity investments carried at FVTOCI – net of tax	**36,707**	5,864
Loss on sale of financial assets designated at FVTOCI	**-**	(135)
Total other comprehensive income for the year	**38,497**	5,860
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**92,041**	52,980

The notes 1 to 30 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2024

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Reinsurance reserve AED'000	Fair value reserve on financial assets at FVTOCI AED'000	Retained earnings AED'000	Total equity AED'000
Restated balance as at 1 January 2023	115,500	57,750	180,000	3,241	161,038	168,291	685,820
Dividend declared and paid	-	-	-	-	-	(11,550)	(11,550)
Directors' remuneration	-	-	-	-	-	(4,595)	(4,595)
Transactions with owners	-	-	-	-	-	(16,145)	(16,145)
Profit for the year after tax	-	-	-	-	-	47,120	47,120
Transfer to reinsurance reserve	-	-	-	1,172	-	(1,172)	-
Transferred to retained earnings on disposal of FVTOCI	-	-	-	-	1,247	(1,247)	-
Net unrealised gain on financial asset at FVTOCI	-	-	-	-	5,995	-	5,995
Net realised loss on financial assets at FVTOCI	-	-	-	-	(135)		(135)
Total comprehensive income for the year	-	-	-	1,172	7,107	44,701	52,980
Balance as at 31 December 2023	115,500	57,750	180,000	4,413	168,145	196,847	722,655
Balance at 1 January 2024	**115,500**	**57,750**	**180,000**	**4,413**	**168,145**	**196,847**	**722,655**
Dividend declared and paid	-	-	-	-	-	(11,550)	(11,550)
Transactions with owners	-	-	-	-	-	(11,550)	(11,550)
Profit for the year after tax	-	-	-	-	-	53,544	53,544
Transfer to reinsurance reserve	-	-	-	1,265	-	(1,265)	-
Net unrealised gain on financial asset at FVTOCI – net of tax	-	-	-	-	37,824	-	37,824
Realised gain on debt investment at FVTOCI	-	-	-	-	673	-	673
Total comprehensive income for the year	-	-	-	1,265	38,497	52,279	92,041
Balance as at 31 December 2024	**115,500**	**57,750**	**180,000**	**5,678**	**206,642**	**237,576**	**803,146**

Dubai National Insurance & Reinsurance Co. (P.S.C.)

Statement of cash flows
For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Cash flows from operating activities			
Profit for the year before tax		**56,422**	47,120
Adjustments for:			
Depreciation on property and equipment	4	**1,205**	671
Capital work in progress written off	4	**149**	-
Provision for employees' end-of-service benefits	14	**1,030**	870
Gain on disposal of property and equipment		**-**	(48)
Gain from change in fair value of investment properties	5	**(16,931)**	(5,441)
Income from investment properties		**(8,747)**	(5,917)
Dividend and interest income		**(37,562)**	(26,254)
Operating cash flows before changes in working capital		**(4,434)**	11,001
Changes in working capital			
Other receivables		**(13,048)**	(14,373)
Reinsurance contract assets		**(570,905)**	13,059
Insurance contract liabilities		**592,707**	(23,198)
Other payables		**359**	(5,967)
Cash generated from/(used in) operating activities		**4,679**	(19,478)
Employees' end-of-services benefits paid	14	**(1,016)**	(443)
Net cash generated from/(used in) operating activities		**3,663**	(19,921)
Cash flows from investing activities			
Purchase of property and equipment		**(2,073)**	(3,292)
Capital expenditure on investment properties		**(194)**	(914)
Purchase of investment in equity securities	6	**(191)**	-
Purchase of investment in debt securities		**-**	(12,424)
Proceeds from sale of property and equipment		**-**	60
Proceeds from sale of financial assets		**11,018**	13,405
Net movement in fixed deposits		**109,752**	(4,157)
Income received from investments – net		**36,288**	26,654
Income received from investment properties		**8,747**	5,917
Net cash generated from investing activities		**163,347**	25,249
Cash flows from financing activity			
Dividend paid	22	**(11,550)**	(11,550)
Net cash used in financing activity		**(11,550)**	(11,550)
Net change in cash and cash equivalents		**155,460**	(6,222)
Cash and cash equivalents, beginning of year		**61,037**	67,259
Cash and cash equivalents, end of year	11	**216,497**	61,037

The notes 1 to 30 form an integral part of these financial statements.

1 Legal status and activities

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

The Company is engaged in insurance and reinsurance of all classes of business in accordance with the provisions of the United Arab Emirates ("UAE") Federal Law No. (48) of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations.

The registered address of the Company is Dubai National Insurance Building, 3rd Floor, Sheikh Zayed Road, P.O. Box 1806, Dubai, UAE.

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Company's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% on taxable profits above AED 375,000. The tax charge for the year ended 31 December 2024 is AED 2.9 million.

2 Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Decree Law No. (32) of 2021, relating to commercial companies, and of UAE Federal Law No. (48) of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations. These financial statements are prepared in UAE Dirhams ("AED") being the economic, functional and reporting currency, rounded to the nearest thousand.

Basis of preparation

This financial statement has been prepared on the historical cost basis, except for financial assets carried at fair value through other comprehensive income, financial assets carried at fair value through profit or loss and investment properties which are carried at fair value and the provision for employees' end of service benefits which is calculated in line with UAE labour laws.

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

2 Statement of compliance with IFRS (continued)

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

New and revised IFRS 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 and IFRS 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 have been adopted by the Company and 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 Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standard number	Title	Effective date
IAS 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

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

IFRS 17 Insurance Contracts

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

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

Insurance and reinsurance contracts classification

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

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

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

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

The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

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

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

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation (continued)

Recognition

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

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; and
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts held:

- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group The Company adds new contracts to the group when they are issued or initiated.

Contract boundary

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

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

Both of the following criteria are satisfied:

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

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

Measurement - Premium Allocation Approach

Insurance contracts – initial measurement

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

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

Or

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

3 Material accounting policy information (continued)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Measurement - Premium Allocation Approach (continued)

Insurance contracts – initial measurement (continued)

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period 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 period of the group of contracts.

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

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

Insurance contracts – subsequent measurement

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

- Plus premiums received in the period;
- Minus capitalised insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the group; and
- Minus the amount recognised as insurance revenue for the coverage period.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not 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 that are expected to be paid within one year of being incurred.

Insurance acquisition cash flows are allocated on a deferment pattern basis over the period of time.

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)

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

IFRS 17 Insurance Contracts (continued)

Insurance and reinsurance contracts accounting treatment (continued)

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

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

or

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

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

Presentation

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

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

The Company does not disaggregate 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 Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively.

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

Insurance revenue

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

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

3 Material accounting policy information (continued)

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Insurance finance income and expense

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

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

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in profit or loss. The Company's financial assets are also measured at FVTOCI.

Net income or expense from reinsurance contracts held

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

Investment properties

Investment properties are properties held to earn rentals and /or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day-to-day servicing of investment properties.

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 value of investment properties are included in the 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 properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment properties are recognised in the statement of profit or loss in the year of retirement or disposal.

The Company determines fair value on the basis of valuation performed by two independent external valuers who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. The Company takes average of the value from two different valuers as a fair value in its financial statements.

Financial instruments

a) Recognition, initial measurement and derecognition

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

3 Material accounting policy information (continued)

Financial instruments (continued)

Recognition, initial measurement and derecognition (continued)

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

b) Classification and subsequent measurement of financial assets

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

i) Financial assets at amortised cost

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

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

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

Financial assets at amortised cost comprise statutory deposits, cash and bank balances, amounts due from related parties and other receivables.

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

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

Fair value measurement

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

Gains or losses on subsequent measurement

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

c) Classification and subsequent measurement of financial liabilities

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

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

d) Measurement of ECL

Under the simplified approach of IFRS 9, the Company has measured the expected credit losses on financial assets at an amount equal to the lifetime expected credit losses from default events that are possible within the 12 months after the reporting date.

Assessment of Credit Risk:

In determining the expected credit losses, the Company has assessed the credit risk of financial assets based on reasonable and supportable information that is relevant and available without undue cost or effort. This has included historical credit loss experience, current observable data, and forward-looking information.

3 Material accounting policy information (continued)

Financial instruments (continued)

Measurement of ECL (continued)

Recognition of Expected Credit Losses

Expected credit losses have been recognized on financial assets from initial recognition, with an adjustment for changes in credit risk since the asset was initially recognized. The Company has recognized the expected credit losses as an allowance account against the gross carrying amount of the financial asset.

Reversal of Expected Credit Losses

If, in a subsequent reporting period, the credit risk on a financial asset improves and the amount of expected credit losses decreases, the Company will reverse the previously recognized expected credit losses through profit or loss.

e) Offsetting financial instruments

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

Dividend distribution

Dividend distribution to the Shareholders is recognised as a liability in the financial statements in the year in which the dividends are proposed by the Board of Directors.

Employee benefits

Short-term employee benefits

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

Provision for employees' end of service benefits

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

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

Foreign currency transactions

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

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

Impairment of non-financial assets

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

The impairment losses are recognised in the statement of profit or loss. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its' carrying amount.

3 Material accounting policy information (continued)

Short term operating leases

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

Cash and cash equivalents

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

Provisions, contingent liabilities and contingent assets

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

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

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

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

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

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

Taxation

Current

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.

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 balance sheet 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 balance sheet date.

3 Material accounting policy information (continued)

Critical accounting judgements and key sources of estimation uncertainty

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

Insurance and reinsurance contracts

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

Liability for remaining coverage

For insurance acquisition cash flows, the Company is eligible and chooses to capitalise all insurance acquisition cashflows upon payments.

The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage year. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

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 and Bornheutter-Ferguson methods.

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

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

3 Material accounting policy information (continued)

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

Discount rates

The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free rate was derived using EIOPA rates with volatility adjustment along with the country risk premium (inclusive of the liquidity premium).

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

	1 year		3 years		5 years		10 years		20 years	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Insurance contracts issued										
AED	**5.15%**	5.95%	**5.04%**	4.92%	**4.99%**	4.69%	**5.04%**	4.64%	**5.08%**	4.66%
Reinsurance contracts held										
AED	**5.15%**	5.95%	**5.04%**	4.92%	**4.99%**	4.69%	**5.04%**	4.64%	**5.08%**	4.66%

Risk adjustment for non-financial risk

The Company use Mack method to determine its risk adjustment for non-financial risk. The bootstrap effectively allows the Company to measure the uncertainty about the amount and timing of the cash flows that arise from non-financial risk since bootstrapping the triangles aims to illustrate the variability of the paid claims.

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

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 70th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 70th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Valuation of investment properties

Fair value of investment properties is estimated by two independent professional valuers accredited with the Royal Institution of Chartered Surveyors for disclosure purposes only, considering the rental yield (income approach). This estimate was made considering market rent and average rental yield. Fair value was dependent on market factors and availability of information.

Rights and obligations of the investments

One quoted equity investment is in the name of the Chairman, however, is controlled by the Company. This investment is held for the beneficial interest of the Company. Management addresses the significant judgement over the rights and obligations by obtaining direct annual re-confirmation from the Chairman that the assets held in Chairman's name are for the Company's beneficial interest and receiving all risk and economic rewards associated with this investment.

4 Property and equipment

	Furniture and fixtures AED'000	Motor vehicles AED'000	Computer equipment AED'000	Capital work in progress AED'000	Total AED'000
2024					
Cost					
At 1 January	**1,201**	**452**	**6,509**	**1,855**	**10,017**
Additions	**-**	**-**	**-**	**2,073**	**2,073**
Transfers	**31**	**-**	**1,861**	**(1,892)**	**-**
Write off	**-**	**-**	**-**	**(149)**	**-**
At 31 December	**1,232**	**452**	**8,370**	**1,887**	**11,941**
Accumulated depreciation					
At 1 January	**489**	**425**	**4,364**	**-**	**5,278**
Charge for the year	**210**	**27**	**968**	**-**	**1,205**
At 31 December	**699**	**452**	**5,332**	**-**	**6,483**
Net book value					
At 31 December 2024	**533**	**-**	**3,038**	**1,887**	**5,458**
2023					
Cost					
At 1 January	1,522	502	4,777	1,172	7,973
Additions	17	-	1,807	1,468	3,292
Transfers	785	-	-	(785)	-
Disposals	(1,123)	(50)	(75)	-	(1,248)
At 31 December	1,201	452	6,509	1,855	10,017
Accumulated					
depreciation			489	425	4,364
At 1 January	1,463	435	3,943	-	5,841
Charge for the year	135	40	496	-	671
Disposals	(1,109)	(50)	(75)	-	(1,234)
At 31 December	489	425	4,364	-	5,278
Net book value					
At 31 December 2023	712	27	2,145	1,855	4,739

5 Investment properties

	Investment properties AED'000	Capital work in progress AED'000	Total AED'000
2024			
At 1 January	**158,480**	**-**	**158,480**
Additions	**194**	**-**	**194**
Increase in fair value during the year	**16,931**	**-**	**16,931**
At 31 December 2024	**175,605**	**-**	**175,605**
2023			
At 1 January	149,342	2,783	152,125
Additions	-	914	914
Transfer during the year	3,697	(3,697)	-
Increase in fair value during the year	5,441	-	5,441
At 31 December 2023	158,480	-	158,480

On 31 December 2024, Land Sterling Property Consultants and Real Estate X, independent and experienced professional valuers estimated the fair value of investment property at AED 173.1 million and AED 178.2 million respectively (2023: Najmat Al Murjan Real Estate Valuation Service LLC and Arab Arch consulting, independent and experienced professional valuers estimated the fair value of investment property at AED 160.5 million and AED 156.5 million respectively). The Company has opted the average of the two investment properties valuations. The valuers hold relevant professional qualifications and experience. Investment property is held for capital appreciation and rental purposes. The fair value is in accordance with relevant appraisal and standards issued by the Royal Institute of Chartered Surveyors (RICS) and Emirates Book Valuation standards (EBVS). The Company occupies an insignificant area of 11.5% (2023: 11.5%) in the investment property for use in its own business.

Details of the investment properties and information about the fair value hierarchy as at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024			Fair value as at 31 December 2023
	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	Level 3 AED'000
Buildings and plots of land on which such buildings are constructed	**-**	**-**	**175,605**	158,480

For investment properties categorised into level 3 of the fair value hierarchy, the following information is relevant:

Valuation techniques	Significant input(s)	Sensitivity
Income capitalisation approach	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of properties, and prevailing market condition.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
	Yearly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the investment properties.	A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

6 Financial assets

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

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

	Note	Level 1	Level 2	Level 3	Total
31 December 2024		**AED'000**	**AED'000**	**AED'000**	**AED'000**
Financial assets at FVTPL					
Investment in quoted equity securities	(a)	**1,754**	**-**	**-**	**1,754**
Financial assets at FVTOCI					
Investment in quoted equity securities*	(a)	**443,091**	**-**	**-**	**443,091**
Investment in debt securities	(a)	**65,857**			**65,857**
		510,702	**-**	**-**	**510,702**
31 December 2023					
Financial assets at FVTPL					
Investment in quoted equity securities	(a)	1,773	-	-	1,773
Financial assets at FVTOCI					
Investment in quoted equity securities*	(a)	402,556	-	-	402,556
Investment in debt securities	(a)	75,037	-	-	75,037
		479,366	-	-	479,366

* This comprises of quoted investment amounting to AED 12.8 million (2023: AED 13.9 million) which are in the name of the Khalaf Ahmad Al Habtoor (Chairman) held for the beneficial interest of the Company.

(a) Fair values have been determined by reference to quoted prices at the reporting date.

Movement in financial assets grouped in level 1

The reconciliation of carrying amounts of financial instruments classified within level 1 is as follows:

	2024	2023
	AED'000	AED'000
Investments in equity securities at FVTOCI		
Balance as at 1 January	**402,556**	396,692
Purchases during the year	**191**	-
Increase in fair value	**40,344**	5,864
Balance as at 31 December	**443,091**	402,556

6 Financial assets (continued)

Movement in financial assets grouped in level 1 (continued)

	2024 AED'000	2023 AED'000
Investments in equity securities at FVTPL		
Balance as at 1 January	**1,773**	**2,183**
Decrease in fair value	**(19)**	**(410)**
Balance as at 31 December	**1,754**	**1,773**
Investments in debt securities at FVTOCI		
Balance as at 1 January	**75,037**	76,010
Purchases during the year	**-**	12,424
Disposal during the year	**(7,226)**	(13,528)
Net (decrease)/increase in fair value	**(1,954)**	131
Balance as at 31 December	**65,857**	75,037

Investments in debt securities represents bonds carrying interest rate ranging from 4.3% to 6.3% per annum (2023: 4.5% to 7.1% per annum).

7 Insurance and reinsurance contracts

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

	31 December 2024			31 December 2023 (Restated)		
	Assets AED'000	**Liabilities AED'000**	**Net AED'000**	Assets AED'000	Liabilities AED'000	Net AED'000
Insurance contracts issued	**-**	**(814,950)**	**(814,950)**	-	(222,243)	(222,243)
Reinsurance contracts held	**662,211**	**-**	**662,211**	91,306	-	91,306

7 Insurance and reinsurance contracts (continued)

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

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	Total AED'000
31 December 2024 (Audited)					
Insurance contract liabilities as at 1 January	**(14,281)**	**(4,542)**	**(185,774)**	**(17,646)**	**(222,243)**
Insurance revenue	**469,122**	**-**	**-**	**-**	**469,122**
Insurance service expenses	**(76,571)**	**1,572**	**(1,128,691)**	**(45,914)**	**(1,249,604)**
Incurred claims and other expenses	**-**	**-**	**(1,075,750)**	**(42,864)**	**(1,118,614)**
Amortisation of insurance acquisition cash flows	**(76,571)**	**-**	**-**	**-**	**(76,571)**
Reversal of losses on onerous contracts	**-**	**1,572**	**-**	**-**	**1,572**
Changes to liabilities for incurred claims	**-**	**-**	**(52,941)**	**(3,050)**	**(55,991)**
Insurance service result	**392,551**	**1,572**	**(1,128,691)**	**(45,914)**	**(780,482)**
Insurance finance expense	**-**	**-**	**(340)**	**-**	**(340)**
Total changes in the statement of comprehensive income/(loss)	**392,551**	**1,572**	**(1,129,031)**	**(45,914)**	**(780,822)**
Cash flows					
Premiums received	**(469,556)**	**-**	**-**	**-**	**(469,556)**
Claims and other expenses paid	**-**	**-**	**589,142**	**-**	**589,142**
Insurance acquisition cash flows	**68,529**	**-**	**-**	**-**	**68,529**
Total cash flows	**(401,027)**	**-**	**589,142**	**-**	**188,115**
Net insurance contract liabilities as at 31 December	**(22,757)**	**(2,970)**	**(725,663)**	**(63,560)**	**(814,950)**
31 December 2023 (Audited)					
Insurance contract liabilities as at 1 January	(6,473)	(5,644)	(205,570)	(27,754)	(245,441)
Insurance revenue	448,353	-	-	-	448,353
Insurance service expenses	(69,098)	2,027	(306,884)	10,108	(363,847)
Incurred claims and other expenses	-	-	(208,099)	17,054	(191,045)
Amortisation of insurance acquisition cash flows	(69,098)	-	-	-	(69,098)
Reversal of losses on onerous contracts	-	2,027	-	-	2,027
Changes to liabilities for incurred claims	-	-	(98,785)	(6,946)	(105,731)
Insurance service result	379,255	2,027	(306,884)	10,108	84,506
Insurance finance (expense)/income	-	(925)	441	-	(484)
Total changes in the statement of comprehensive income/(loss)	379,255	1,102	(306,443)	10,108	84,022
Cash flows					
Premiums received	(453,419)	-	-	-	(453,419)
Claims and other expenses paid	-	-	326,239	-	326,239
Insurance acquisition cash flows	66,356	-	-	-	66,356
Total cash flows	(387,063)	-	326,239	-	(60,824)
Net insurance contract liabilities as at 31 December	(14,281)	(4,542)	(185,774)	(17,646)	(222,243)

7 Insurance and reinsurance contracts (continued)

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

	Assets for remaining coverage		Amounts recoverable on incurred claims		
31 December 2024 (Audited)	**Excluding loss recovery component AED'000**	**Loss component AED'000**	**Estimates of the present value of future cash flows AED'000**	**Risk adjustment AED'000**	**Total AED'000**
Reinsurance contract assets as at 1 January 2024	(388,645)	917	463,216	15,818	91,306
An allocation of reinsurance premiums	(204,001)	-	-	-	(204,001)
Amounts recoverable from reinsurers	-	219	938,279	43,698	982,196
Amounts recoverable for incurred claims and other expenses	-	977	938,279	43,698	982,954
Loss-recovery on onerous underlying contracts and adjustments	-	(758)	-	-	(758)
Net (expense)/ income from reinsurance contracts held	(204,001)	219	938,279	43,698	778,195
Reinsurance finance income	-	-	4,647	-	4,647
Total changes in the statement of comprehensive (loss)/income	(204,001)	219	942,926	43,698	782,842
Cash flows					
Premiums paid	158,173	-	-	-	158,173
Amounts received	-	-	(370,110)	-	(370,110)
Total cash flows	158,173	-	(370,110)	-	(211,937)
Net reinsurance contract assets as at 31 December 2024	(434,473)	1,136	1,036,032	59,516	662,211

7 Insurance and reinsurance contracts (continued)

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

	Assets for remaining coverage		Amounts recoverable on incurred claims		
31 December 2023 (Audited)	Excluding loss recovery component AED'000	Loss component AED'000	Estimates of the present value of future cash flows AED'000	Risk adjustment AED'000	Total AED'000
Reinsurance contract assets as at 1 January 2023	(229,167)	1,382	312,130	20,020	104,365
An allocation of reinsurance premiums	(226,310)	-	-	-	(226,310)
Amounts recoverable from reinsurers	-	(693)	162,466	(4,202)	157,571
Amounts recoverable for incurred claims and other expenses	-	(533)	101,162	(5,138)	95,491
Loss-recovery on onerous underlying contracts and adjustments	-	(160)	61,304	936	62,080
Net (expense)/income from reinsurance contracts held	(226,310)	(693)	162,466	(4,202)	(68,739)
Reinsurance finance income/(expense)	-	228	(3,405)	-	(3,177)
Total changes in the statement of comprehensive (loss)/income	(226,310)	(465)	159,061	(4,202)	(71,916)
Cash flows					
Premiums paid	66,832	-	-	-	66,832
Amounts received	-	-	(7,975)	-	(7,975)
Total cash flows	66,832	-	(7,975)	-	58,857
Net reinsurance contract assets as at 31 December 2023	(388,645)	917	463,216	15,818	91,306

7 Insurance and reinsurance contracts (continued)

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

Gross Insurance contract liabilities at 31 December 2024

	2020 and prior AED'000	2021 AED'000	2022 AED'000	2023 AED'000	**2024 AED'000**	**Total AED'000**
Estimate of cumulative claims						
At the end of the Underwriting Year	2,197,174	180,087	201,699	311,872	**1,143,773**	**4,034,605**
One year later	2,190,764	185,783	172,713	320,219	**-**	**2,869,479**
Two years later	2,173,151	180,989	203,242	-	**-**	**2,557,382**
Three years later	2,184,729	182,107	-	-	**-**	**2,366,836**
Four years later	2,143,396	-	-	-	**-**	**2,143,396**
Estimate of cumulative claims	2,143,396	182,107	203,242	320,219	**1,143,773**	**3,992,737**
Cumulative payments to date	2,126,060	179,045	191,557	302,040	**582,541**	**3,381,243**
Provision for outstanding claims	17,336	3,062	11,685	18,179	**561,232**	**611,494**
Unallocated loss adjustment expense reserve	78	14	52	82	**2,516**	**2,742**
Claims payable	2,770	489	1,867	2,904	**89,667**	**97,697**
Total gross undiscounted liabilities for incurred claims	20,184	3,565	13,604	21,165	**653,415**	**711,933**
Mathematical Reserve for incurred claims	1,018	180	686	1,067	**32,941**	**35,892**
Attributable maintenance cost outstanding - Gross	18	3	12	19	**576**	**628**
Effect of discounting - Gross	-	-	-	-	**-**	**(22,790)**
Total discounted gross reserves included in the statement of financial position	21,220	3,748	14,302	22,251	**686,932**	**725,663**
Risk Adjustments	-	-	-	-	**-**	**63,560**

7 Insurance and reinsurance contracts (continued)

Gross Insurance contract liabilities at 31 December 2023

	2019 and prior AED'000	2020 AED'000	2021 AED'000	2022 AED'000	2023 AED'000	Total AED'000
Estimate of cumulative claims						
At the end of the Underwriting Year	1,878,676	316,560	180,087	201,699	311,872	2,888,894
One year later	1,880,614	324,390	185,783	172,713	-	2,563,500
Two years later	1,866,374	323,842	180,989	-	-	2,371,205
Three years later	1,849,309	313,824	-	-	-	2,163,133
Four years later	1,870,904	-	-	-	-	1,870,904
Estimate of cumulative claims	1,870,904	313,824	180,989	172,713	311,872	2,850,302
Cumulative payments to date	1,813,488	304,193	175,435	167,413	302,295	2,762,824
Provision for outstanding claims	57,416	9,631	5,554	5,300	9,577	87,478
Unallocated loss adjustment expense reserve	611	74	100	589	1,855	3,229
Claims payable	27,791	6,751	6,628	12,036	4,033	57,239
Total gross undiscounted liabilities for incurred claims	85,818	16,456	12,282	17,925	15,465	147,946
Mathematical Reserve for incurred claims	3,569	(2,545)	(5,333)	10,866	35,620	42,177
Attributable maintenance cost outstanding - Gross	16	-	1	19	480	516
Effect of discounting - Gross	-	-	-	-	-	(4,865)
Total discounted gross reserves included in the statement of financial position	89,403	13,911	6,950	28,810	51,565	185,774
Risk Adjustments	-	-	-	-	-	17,646

8 Statutory deposit

	2024 AED'000	2023 AED'000
Held with a local bank in Dubai, UAE	**10,000**	10,000

Statutory deposit held with a local bank in Dubai, UAE represents deposits held under a lien in favour of the Ministry of Economy and Planning in accordance with changes to presentation and disclosure concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations. The deposit cannot be withdrawn without prior approval from the Ministry of Economy and Planning.

9 Other receivables

	2024 AED'000	2023 AED'000
Prepayments	**22,230**	16,084
Other receivables	**15,074**	10,705
Rent receivables	**8,426**	8,147
Accrued interest	**5,245**	2,940
	50,975	37,876
Expected credit losses	**(4,627)**	(4,576)
	46,348	33,300

The Company has recognised AED 4.6 million as a provision on doubtful rent receivables (2023: AED 4.6 million).

10 Related party transactions

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

The nature of significant related party transactions and amounts involved were as follows:

	2024 AED'000	2023 AED'000
Premiums written	**110,501**	77,202
On account claims payment made	**168,759**	11,203
Agency/non-agency repairs	**24,283**	18,488
Commission paid	**3,080**	3,268
Key management personnel compensation		
Short term benefits	**2,523**	1,383
Post-employment benefits	**88**	55

Quoted investment at FVTOCI amounting to AED 12.8 million as at 31 December 2024 (31 December 2023: quoted investment amounting to AED 13.9 million) is registered in the name of the Chairman in the beneficial interest of the Company (refer to note 6 and note 30).

In April 2024, the Company recognised a significant property claim amounting to AED 754.7 million from Al Habtoor Motors Co LLC, a related party. The claim is primarily covered by facultative reinsurance arrangements. As a result, the Company recorded a reinsurance contract asset of AED 753.3 million.

During the year, the Company received AED 168 million from the reinsurers and the same has been paid to Al Habtoor Motors Co LLC, resulting in a reduction of the insurance contract liabilities to AED 586.7 million and the reinsurance contract assets to AED 585.3 million.

11 Cash and bank balances

Cash and bank balances comprise the following statement of financial position amounts:

	2024 AED'000	2023 AED'000
Cash in hand	10	10
Cash at banks	246,312	200,604
	246,322	200,614

Cash at banks includes deposits with local banks carrying interest ranging from 2.5% - 5.27% (31 December 2023: 3.10% - 5.25%) per annum.

As per management's assessment, expected credit loss on cash and cash equivalents is immaterial.

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

	2024 AED'000	2023 AED'000
Cash and bank balances	246,322	200,614
Bank deposits with maturity over 3 months	(29,825)	(139,577)
Cash and cash equivalents	216,497	61,037

12 Share capital

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

	2024 No. of shares	2024 AED'000	2023 No. of shares	2023 AED'000
Balance as at 31 December	115,500,000	115,500	115,500,000	115,500

13 Reserves

Statutory reserve

In accordance with the Company's Articles of Association and Article 241 of the Federal Law No. (32) of 2021, a minimum of 10% of the Company's annual net profits must be transferred to a non-distributable statutory reserve . As per the Company's Articles of Association, such transfers are required until the balance in the statutory reserve equals 50% of the Company's paid-up share capital. No transfer to statutory reserve has been made during the year as it has already reached 50% of the paid-up share capital (31 December 2023: Nil).

General reserve

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors. During the year, there were no transfers from or to the general reserve (31 December 2023: no transfers)

Reinsurance reserve

In accordance with Article 34 of Insurance Authority's Board of Directors Decision No. 23 of 2019, concerning instructions organising reinsurance operations, the reserve is not available for distribution and will not be disposed of without prior approval from the Central Bank of United Arab Emirates. The Company has transferred AED 1.3 million from 'Retained earnings' to the 'Reinsurance Reserve' being 0.5% of the total insurance premium ceded to reinsurers during the year ended 31 December 2024 (year ended 31 December 2023: AED 1.2 million).

14 Employees' end of service benefits

	2024 AED'000	2023 AED'000
Balance at 1 January	**4,726**	4,299
Charge for the year	**1,030**	870
Payments during the year	**(1,016)**	(443)
Balance at 31 December	**4,740**	4,726

15 Other payables

	2024 AED'000	2023 AED'000
Accrued expenses	**8,262**	11,347
Other payables	**9,701**	5,184
Directors' remuneration *	**6,128**	4,595
Rent advances	**3,095**	7,055
	27,186	28,181

* Directors' remuneration is an appropriation of net profit for the year in accordance with Article 171 of U.A.E Federal Law No. (32) of 2021, and also as per the Articles of Association of the Company.

16 Insurance service expenses

	Motor AED'000	General AED'000	Medical & life AED'000	Total AED'000
2024				
Incurred claims and other expenses	**(171,334)**	**(863,159)**	**(84,121)**	**(1,118,614)**
Amortisation of insurance acquisition cash flows	**(34,985)**	**(11,958)**	**(29,628)**	**(76,571)**
Reversals of losses on onerous contracts	**1,723**	**-**	**(151)**	**1,572**
Changes to liabilities for incurred claims	**26,964**	**(24,830)**	**(58,125)**	**(55,991)**
	(177,632)	**(899,947)**	**(172,025)**	**(1,249,604)**
2023				
Incurred claims and other expenses	(48,745)	(24,952)	(117,348)	(191,045)
Amortisation of insurance acquisition cash flows	(25,864)	(10,619)	(32,615)	(69,098)
Reversals of losses on onerous contracts	2,027	-	-	2,027
Changes to liabilities for incurred claims	(19,714)	(4,815)	(81,202)	(105,731)
	(92,296)	(40,386)	(231,165)	(363,847)

17 Net insurance financial result

	Motor AED'000	General AED'000	Medical & life AED'000	Total AED'000
2024				
Interest accretion on insurance contracts using locked-in rate	**(141)**	**(255)**	**179**	**(217)**
Due to changes in interest rates and other financial assumptions	**(1,116)**	**2,107**	**(1,114)**	**(123)**
Total insurance finance (expense)/income from insurance contracts issued	**(1,257)**	**1,852**	**(935)**	**(340)**
Due to changes in profit rates and other financial assumptions	**1,630**	**(1,994)**	**5,011**	**4,647**
Reinsurance finance income/(expense) from reinsurance contracts held	**1,630**	**(1,994)**	**5,011**	**4,647**
2023				
Interest accretion on insurance contracts using locked-in rate	(1,585)	(343)	(320)	(2,248)
Change in interest rates and other financial assumptions	512	430	822	1,764
Total insurance finance (expense)/income from insurance contracts issued	(1,073)	87	502	(484)
Due to changes in profit rates and other financial assumptions	696	(110)	(3,763)	(3,177)
Reinsurance finance income/(expense) from reinsurance contracts held	696	(110)	(3,763)	(3,177)

18 Income from investments

	2024 AED'000	2023 AED'000
Dividend income on securities	**24,341**	15,309
Interest income	**13,221**	10,945
	37,562	26,254

19 Income from investment properties

	2024 AED'000	2023 AED'000
Net rental income	**8,747**	5,917
Gain from change in fair value of investment properties (note 5)	**16,931**	5,441
	25,678	11,358

20 Other operating expenses

	2024 AED'000	2023 AED'000
Staff costs	**325**	1,388
Professional and legal fee	**1,589**	740
Other operational expenses	**6,924**	530
	8,838	2,658

21 Earnings per share

	2024	2023
Earnings (AED'000):		
Profit for the year after tax	**53,544**	47,120
Number of shares (AED'000):		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**115,500**	115,500
Earnings per share (AED):		
Basic and diluted	**0.46**	0.41

The Company does not have potentially diluted shares and accordingly diluted earnings per share equals basic earnings per share.

22 Dividends

The Board proposed cash dividend of 10% of paid up share capital, amounting to AED 11.55 million (AED 0.10 per share) for the year ended 31 December 2023. This was approved at the Annual General Meeting held on 25 April 2024 and distributed on 15 May 2024.

During the comparative year, the Board proposed cash dividend of 10% of paid up share capital, amounting to AED 11.55 million (AED 0.10 per share) for the year ended 31 December 2022. This was approved at the Annual General Meeting held on 18 April 2023 and distributed on 9 May 2023.

23 Segment information

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

	Underwriting AED'000	Investments AED'000	Total AED'000
2024			
Total assets	**675,262**	**981,384**	**1,656,646**
Total equity	**596,504**	**206,642**	**803,146**
Total liabilities	**840,428**	**13,072**	**853,500**
2023			
Total assets	113,718	864,087	977,805
Total equity	554,510	168,145	722,655
Total liabilities	246,982	8,168	255,150

23 Segment information (continued)

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

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

	2024			2023		
	Underwriting AED'000	**Investments AED'000**	**Total AED'000**	Underwriting AED'000	Investments AED'000	Total AED'000
Insurance revenue	469,122	-	469,122	448,353	-	448,353
Insurance service expenses	(1,249,604)	-	(1,249,604)	(363,847)	-	(363,847)
Insurance service result before reinsurance contracts held	(780,482)	-	(780,482)	84,506	-	84,506
Allocation of reinsurance premiums	(204,001)	-	(204,001)	(226,310)	-	(226,310)
Amounts recoverable from reinsurance for incurred claims	982,196	-	982,196	157,571	-	157,571
Net income /(expenses) from reinsurance contracts held	778,195	-	778,195	(68,739)	-	(68,739)
Insurance service result	(2,287)	-	(2,287)	15,767	-	15,767
Income from investments	-	37,562	37,562	-	26,254	26,254
Income from investment properties	-	25,678	25,678	-	11,358	11,358
Net investment income	-	63,240	63,240	-	37,612	37,612
Insurance finance expense for insurance contracts issued	(340)	-	(340)	(484)	-	(484)
Reinsurance finance income/(expense) for reinsurance contracts held	4,647	-	4,647	(3,177)	-	(3,177)
Net insurance finance income/(expense)	4,307	-	4,307	(3,661)	-	(3,661)
Net insurance and investment result	2,020	63,240	65,260	12,106	37,612	49,718
Other income	-	-	-	-	60	60
Other operating expenses	(8,838)	-	(8,838)	(2,658)	-	(2,658)
(Loss)/profit for the year before tax	(6,818)	63,240	56,422	9,448	37,672	47,120

23 Segment information (continued)

Gross written premiums

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

2024	Life Insurance AED'000	Fund Accumulation AED'000	Medical Insurance AED'000	Property & Liability AED'000	All types of business combined AED'000
Direct written premiums	**1,693**	**-**	**197,772**	**280,667**	**480,132**
Assumed business					
Foreign	**-**	**-**	**-**	**-**	**-**
Local	**-**	**-**	**-**	**62,278**	**62,278**
Total assumed business	**-**	**-**	**-**	**62,278**	**62,278**
Total gross written premiums	**1,693**	**-**	**197,772**	**342,945**	**542,410**
2023					
Direct written premiums	2,031	-	221,786	220,467	444,284
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	-	6,475	6,475
Total assumed business	-	-	-	6,475	6,475
Total gross written premiums	2,031	-	221,786	226,942	450,759

24 Corporate tax

The major components of tax expense and the reconciliation of the expected tax expense based on the UAE tax rate of 9% (2023: Nil) and the reported tax expense in profit or loss is as follows:

	2024 AED'000	2023 AED'000
Statement of profit or loss:		
Current tax	**1,354**	-
Deferred tax expense	**1,524**	
Statement of comprehensive income		
Deferred tax expense	**3,746**	-

Relationship between tax expense and accounting profit:

	2024 AED'000	2023 AED'000
Profit for the year before taxation	**56,422**	-
Basic exemption limit	**(375)**	-
Tax applicable profit	**56,047**	-
Tax at the applicable rate of 9%	**(5,044)**	-
Effect of items that are not considered in determining taxable income - net		
Exempt income	**2,192**	-
Unrealised loss	**(3)**	
Non-deductible expenses	**(23)**	-
Income tax expense	**(2,878)**	-
Profit for the year after taxation	**53,544**	-

25 Total investment income and net insurance result

The table below presents an analysis of total investment income and insurance finance result recognised in profit or loss and OCI in the year:

	2024	2023
	AED'000	AED'000
Investment income		
Amounts recognised in the profit or loss		
Interest income	**13,221**	10,945
Dividend income from financial investments	**24,341**	15,309
Net income from investment properties	**25,678**	11,358
Other income	**-**	60
Total net investment income	**63,240**	37,672
Insurance finance expense from insurance contracts issued		
Interest accreted to insurance contracts using locked-in rate	**(217)**	(2,248)
Due to changes in interest rates and other financial assumptions	**(123)**	1,764
Total insurance finance expense from insurance contracts issued	**(340)**	(484)
Represented by:		
Amounts recognised in profit or loss	**(340)**	(484)
Amounts recognised in OCI	**-**	-
Reinsurance finance income/(expense) from reinsurance contracts held		
Interest accreted to reinsurance contracts using locked-in rate	**3,623**	3,154
Due to changes in interest rates and other financial assumptions	**1,024**	(6,331)
Reinsurance finance income/(expense) from reinsurance contracts held	**4,647**	(3,177)
Represented by:		
Amounts recognised in profit or loss	**4,647**	(3,177)
Amounts recognised in OCI	**-**	-
Total net investment income, insurance finance expense and reinsurance finance income	**67,547**	34,011
Represented by:		
Amounts recognised in profit or loss	**67,547**	34,011
Amounts recognised in OCI	**-**	-

26 Commitments and contingencies

	2024 AED'000	2023 AED'000
Financial guarantees	**1,029**	943

Guarantees of AED 1.03 million (2023: AED 0.93 million) issued by banks are secured by way of deposits held.

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

27 Capital commitments

At the statement of financial position date, the Company has commitments towards the capital work in progress of AED 45 million (2023: AED 58 million).

28 Fair value measurements

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

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial information approximate their fair values except for financial investments measured at fair value through other comprehensive income of which fair value is determined based on the quoted market prices and disclosed in Note 6 of this financial information.

Fair value of financial instruments carried at fair value

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

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2024.

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

The following table provides an analysis of financial and non- financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

28 Fair value measurements (continued)

Some of the Company's financial assets are measured at fair value at the end of the reporting year. 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 debt securities	**65,857**	75,037	Level 1	Quoted bid prices in an active market	None	N/A
Quoted equity securities	**444,845**	404,329	Level 1	Quoted bid prices in an active market	None	N/A

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

29 Risk management

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 insurance contract, this risk is random and therefore unpredictable.

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

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

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

Frequency and severity of claims

The Company 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 company to pursue third parties for payment of some or all costs (for example, subrogation). Furthermore, the Company's strategy limits the total exposure to any one territory and the exposure to any one industry.

29 Risk management (continued)

Frequency and severity of claims (continued)

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. The insurance risk arising from insurance contracts is not concentrated in any of the territories in which the company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims. For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. For medical insurance, the main risks are illness and related healthcare costs. For group life and personal accident, the main risks are claims from death and permanent or partial disability. The Company generally does not offer medical insurance to walk-in customers. Medical, group life and personal accident insurance are generally offered to corporate customers with large population to be covered under the policy.

Sources of uncertainty in the estimation of future claim payments

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

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

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

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

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are based on Actuarial calculation which can be based purely on historical development of claims or Expected Loss Ratios or a combination of both. The method and weightage are based on the merit of the line of business.

29 Risk management (continued)

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

The Expected Loss-Ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The initial estimate of the loss ratios used for the current year before and after reinsurance are analysed below by line of business 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
General	**755%**	**31%**	31%	15%
Motor	**116%**	**71%**	64%	71%
Medical and Life	**87%**	**82%**	82%	63%

The Company believes that the claim liabilities under insurance contracts outstanding at the year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

A hypothetical 1% change in the loss ratio, net of reinsurance, would impact net underwriting income / (loss) as follows:

	For the year ended 31 December	
	2024	2023
	AED'000	AED'000
Impact of change in loss ratio by +/- 1%		
Motor	**1,069**	936
General	**338**	90
Medical and Life	**749**	1,083
	2,156	2,109

Process used to decide on assumptions

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

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

29 Risk management (continued)

Reinsurance risk

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

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

Sensitivities

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

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

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

2024	Change in assumptions	Impact on net profit (gross of reinsurance) AED'000	Impact on net profit (net of reinsurance) AED'000	Impact on equity (gross of reinsurance) AED'000	Impact on equity (net of reinsurance) AED'000
Risk Adjustment	+1%	(6,356)	(151)	6,356	151
Discount rate	+1%	179	10	(179)	(10)
Risk adjustment	-1%	6,356	151	(6,356)	(151)
Discount rate	-1%	(179)	(10)	179	10
2023					
Risk Adjustment	+1%	(176)	(18)	176	18
Discount rate	+1%	3,064	1,481	(3,064)	(1,481)
Risk Adjustment	-1%	176	18	(176)	(18)
Discount rate	-1%	(3,064)	(1,481)	3,064	1,481

29 Risk management (continued)

Financial risk

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, profit rates and equity price risk.

Foreign currency risk

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

Credit risk

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

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

- reinsurance' share of insurance liabilities;
- amounts due from reinsurance in respect of claims already paid;
- amounts due from insurance contract holders; and
- amounts due from insurance intermediaries.

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

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

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company.

Management information reported to the management includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual participants and groups of participants are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual participants, or homogenous groups of participants, a financial analysis equivalent to that conducted for reinsurance is carried out by the Company.

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

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristic, other than insurance receivables at the end of reporting period. The Company defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks registered in the United Arab Emirates.

29 Risk management (continued)

Financial risk (continued)

Credit risk (continued)

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements is given below:

2024	Less than 90 days AED'000	91-180 days AED'000	181-365 days AED'000	Above 365 days AED'000	Total AED'000
Financial assets					
At FVTOCI (note 6)	-	-	-	508,948	508,948
At FVTPL (note 6)	-	-	-	1,754	1,754
Statutory deposits	-	-	-	10,000	10,000
Reinsurance contract assets	172,333	149,476	257,650	82,752	662,211
Other receivables	15,585	431	28,932	1,400	46,348
Cash and bank balances - profit bearing	62,357	1,724	115,759	5,602	185,442
Cash and bank balances - non-profit bearing	-	-	-	60,880	60,880
	250,275	151,631	402,341	671,336	1,475,583
Financial liabilities					
Insurance and reinsurance contract liabilities	215,015	189,138	308,542	102,255	814,950
Other payables	13,605	380	11,949	1,252	27,186
	228,620	189,518	320,491	103,507	842,136

29 Risk management (continued)

Financial risk (continued)

Liquidity risk (continued)

2023	Less than 90 days AED'000	91-180 days AED'000	181-365 days AED'000	Above 365 days AED'000	Total AED'000
Financial assets					
At FVTOCI (note 6)	-	-	-	477,593	477,593
At FVTPL (note 6)	-	-	-	1,773	1,773
Statutory deposits	-	-	-	10,000	10,000
Reinsurance contract assets	44,390	21,415	17,194	8,307	91,306
Other receivables	12,476	643	16,445	3,736	33,300
Cash and bank balances - profit bearing	24,692	66,525	63,050	40,789	195,056
Cash and bank balances - non-profit bearing	-	-	-	5,558	5,558
	81,558	88,583	96,689	547,756	814,586
Financial liabilities					
Insurance and reinsurance contract liabilities	126,848	56,264	26,778	8,307	222,243
Other payables	9,329	9,490	5,024	4,338	28,181
	136,177	65,754	31,802	12,645	250,424

Interest rate risk

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

The Company is exposed to interest rate risk on:

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

The tables on next page show the impact of 1% change in risk adjustment and discounting on liability for incurred claims and assets for incurred claims:

29 Risk management (continued)

Interest rate risk (continued)

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	(6,356)	(151)	6,356	151
1% decrease	6,356	151	(6,356)	(151)
Discounting				
1% increase	179	10	(179)	(10)
1% decrease	(179)	(10)	179	10
31 December 2023				
Risk Adjustment				
1% increase	(176)	(18)	176	18
1% decrease	176	18	(176)	(18)
Discounting				
1% increase	3,064	1,481	(3,064)	(1,418)
1% decrease	(3,064)	(1,481)	3,064	1,418

30 Capital risk management

The Company's objective when managing capital risks are:

1) To comply with the Insurance Capital Requirements required by the UAE Federal Law No. (48) of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations.
2) To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to the shareholders.
3) To provide an adequate rate of return to shareholders by pricing products and services commensurate with the level of risk.

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

The minimum regulatory capital for Insurance Companies which must be maintained at all times throughout the year as per the Law is AED 100,000,000 (2023: AED 100,000,000).

30 Capital risk management (continued)

There were no changes made in the objectives, capital management policies or processes during the years ended 31 December 2024 and 31 December 2023.

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

	2024 AED'000	2023 AED'000
Cash and cash equivalents	**246,322**	200,614
Total equity held	**803,146**	722,655
Minimum regulatory capital	**100,000**	100,000

Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by the Central Bank of UAE identifies the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Company is subject to the Regulations which has been complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these Regulations.

The table on the below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations.

	2024 AED'000	2023 AED'000
Minimum capital requirement (MCR)	**100,000**	100,000
Solvency capital requirement (SCR)	**204,120**	163,935
Minimum guarantee fund (MGF)	**68,040**	56,230
Basic own funds	**369,057**	356,678
MCR solvency margin – surplus	**269, 057**	256,678
SCR solvency margin – surplus	**164,937**	192,743
MGF solvency margin – surplus	**301,017**	300,448

The Company's financial assets include quoted investment at FVTOCI amounting to AED 12.8 million as at 31 December 2024 (31 December 2023: quoted investment amounting to AED 13.9 million) which are in the name of the Chairman held for the beneficial interest of the Company. In accordance with circular number CBUAE/BIS/2023/729 of CBUAE, it is not considered as admissible in regulatory statement of financial position by the Company.

Based on the Central Bank of UAE regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2023: AED 100 million) against which the paid up capital of the Company is AED 115.5 million (31 December 2023: AED 115.5 million).

The Company and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. There have been no changes in the Company's management of capital during the year.