Insurance House P.J.S.C.

Reports and financial statements
For the year ended 31 December 2024

Insurance House P.J.S.C.

Abu Dhabi, United Arab Emirates

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INSURANCE HOUSE
P.J.S.C - ش.م.ع

Chairman's Report for the financial year ended 31 December 2024

On behalf of the Board of Directors, I present the financial statements of Insurance House PJSC (IH) as at 31 December 2024 and the results of its operations for the twelve months ended 31 December 2024.

The UAE Insurance Industry as a whole, endured yet another challenging year that forced insurance companies to further recalibrate their business strategies, fine tune their pricing models and sharpen their service delivery capabilities, in order to stay profitable, improve customer satisfaction and enhance shareholder value.

IH has registered a significantly improved financial performance in 2024, in comparison to the previous year. This is indeed a creditable achievement, especially when viewed in the context of the unprecedented weather conditions experienced in the UAE during the first half of the year and the resultant adverse impact on the UAE Insurance industry as a whole. Total Comprehensive Loss of AED 19.59 million registered in 2024 is significantly lower than the Total Comprehensive Loss of AED 41.01 million logged in the previous year. A number of strategic initiatives and corrective actions initiated by IH Senior Management since July 2023 are beginning to bear fruit, across all business lines and Motor business in particular. The risk-reward ratio in the Motor business is witnessing a steady improvement in line with our revised Motor business underwriting strategies and pricing models.

Insurance Revenue for the year ended 31 December 2024 was significantly higher by circa 22.5%, at AED 297.66 million compared to AED 242.95 million in the previous year. Insurance Service Expenses for the full year 2024 weighed in at AED 351.83 million compared to AED 270.14 million in the previous year. Insurance Service Result (after adjustments for Reinsurance Contracts Held) for the full year 2024, was a significantly reduced loss of AED 17.62 million, compared to a loss of AED 42.33 million in the previous year.

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Net Income from Investments was lower at AED 1.79 million for the full year 2024, compared to AED 4.74 million in the previous year. This is primarily due to the planned and systematic reduction in the size of our equity and fixed income positions, to bolster liquidity buffers.

Cash & cash equivalents as of 31 December 2024 stood at a robust 19% of Total Assets (2023: 17.4%), highlighting our conservative approach to liquidity management, and the very sound liquidity position of the Company.

With continued shareholder support, strategic direction of the IH Board and untiring efforts of IH Management and Staff, we are firmly on track to restore operating profitability in the years ahead. Going forward, profits from core insurance activities will be driven by improved digital delivery capabilities, further fine-tuning of risk underwriting techniques and streamlined claims management processes.

On behalf of the Board of Directors,

Mohammed Abdulla Alqubaisi
Chairman

Abu Dhabi
19 March 2025

Crowe Mak
كـرو مـاك
Office No. 1747, Level 17
The Offices World Trade Center
Hamdan Street,
P.O. Box 109460
Abu Dhabi, U.A.E.
T: +971 2 678 1130
abudhabi@crowe.ae
www.crowe.ae

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Independent Auditor's Report

To
The Shareholders
Insurance House P.J.S.C.
Abu Dhabi, United Arab Emirates

Opinion

We have audited the financial statements of Insurance House P.J.S.C. (the "Company"), Abu Dhabi, United Arab Emirates, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and 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 the 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 requirements of International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (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.

Emphasis of Matter

As stated in Note 1.1 of the financial statements, the Company has accumulated losses amounting to AED 140,407,541 as at 31 December 2024 (31 December 2023: AED 119,136,157) which resulted in the erosion of equity in excess of 100%. This has led to non-compliance by the Company with the solvency ratio as required by financial regulations for insurance companies issued by Central Bank of the UAE.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to these financial statements which indicates that the Company has incurred loss of AED 19,691,126 for the year ended 31 December 2024 (31 December 2023: AED 41,974,615) and has accumulated losses and negative equity amounting to AED 140,407,541 and AED 1,992,782 respectively as at 31 December 2024 (31 December 2023: AED 119,136,157 and positive equity of AED 18,838,650, respectively). These events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the Company for the year ended 31 December 2024. 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.

Registered with the Department of Economic Development, Abu Dhabi (CN-1046241) as a branch of Dubai Firm
المسجلة لدى دائرة التنمية الاقتصادية في أبو ظبي (سي ان-١٠٤٦٢٤١) كفرع من شركة دبي

To the Shareholders of Insurance House P.J.S.C
Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of (Re)Insurance Contract Assets and Liabilities	
Valuation of (Re)Insurance contract assets and liabilities involve significant judgements and estimates particularly with respect to the estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims. These cash flows primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries. The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cashflows.	We performed the following procedures in conjunction with our actuarial specialists: - Understanding and evaluating the process, the design and implementation of controls in place to determine valuation of (Re)Insurance contract assets and liabilities. - Assessment of the competence, capabilities and objectivity of the management appointed actuary. - Tested the key controls (automated and manual) related to the integrity of the data used in the valuation process - Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows. - Evaluated and assessed the recoverability of Insurance receivables. - Involved our actuarial expert to evaluate 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. - Tested samples of the source data used by actuary to ensure accuracy and completeness

To the Shareholders of Insurance House P.J.S.C.
Report on the Audit of the Financial Statements (continued)

Other information

Management is responsible for the other information which comprises the Chairman's Report obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and their preparation in compliance with the applicable provisions of the Articles of Association of the Company, United Arab Emirates Federal Law No. (32) of 2021, Federal Decree Law No. (48) of 2023 Regulating Insurance Activities, 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 error or fraud, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

To the Shareholders of Insurance House P.J.S.C.
Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

- Conclude on the appropriateness of management's use of 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated 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 and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

To the Shareholders of Insurance House P.J.S.C.
Report on the Audit of the Financial Statements (continued)

Report on other Legal and Regulatory Requirements

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

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

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

c) The Company has maintained proper books of account;

d) The financial information included in the Chairman's report, in so far as it related to these financial statements, is consistent with the books of account of the Company;

e) As disclosed in Note 6 to the financial statements, the Company has made investment in securities as at 31 December 2024;

f) Note 17 to the financial statements discloses material related party transactions and balances, and the terms under which they were conducted;

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

h) The Company has not made any social contributions during the year ended 31 December 2024.

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

For, Crowe Mak

Umesh Narayanappa
Partner
Registered Auditor Number: 1234
Abu Dhabi, United Arab Emirates
Date: 21 March 2025

Insurance House P.J.S.C.
Abu Dhabi, United Arab Emirates

Statement of financial position as at 31 December 2024

	Notes	31 December 2024 AED	31 December 2023 AED
ASSETS			
Property and equipment	4	**5,360,282**	7,719,510
Financial assets	6	**9,685,810**	11,108,035
Statutory deposits	7	**6,000,000**	6,000,000
Reinsurance contract assets	5	**138,384,676**	111,451,345
Other receivables and prepayments	8	**8,567,560**	43,156,606
Cash and cash equivalents	9	**39,345,217**	37,779,645
TOTAL ASSETS		**207,343,545**	217,215,141
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	**118,780,500**	118,780,500
Tier 1 capital	10	**15,000,000**	15,000,000
Treasury shares	10	**(4,660,318)**	(4,660,318)
Accumulated losses		**(140,407,541)**	(119,136,157)
Reinsurance reserve	10	**1,890,669**	1,181,192
Investment revaluation reserve		**(275,594)**	(6,069)
Statutory reserve	10	**7,679,502**	7,679,502
TOTAL SHAREHOLDERS' EQUITY		**(1,992,782)**	18,838,650
LIABILITIES			
Provision for employees' end-of-service benefits	11	**2,771,332**	2,531,023
Insurance contract liabilities	5	**194,146,215**	178,175,765
Other payables	12	**12,418,780**	17,669,703
TOTAL LIABILITIES		**209,336,327**	198,376,491
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**207,343,545**	217,215,141

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

Mr. Mohammed Alqubaisi
Chairman

The notes from 1 to 24 form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 7.

Insurance House P.J.S.C
Abu Dhabi, United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

	Notes	**31 December 2024 AED**	31 December 2023 AED
Insurance revenue	5	**297,661,269**	242,946,852
Insurance service expenses	5	**(351,830,242)**	(270,141,405)
Insurance service result before reinsurance contracts issued		**(54,168,973)**	(27,194,553)
Allocation of reinsurance premiums	5	**(132,758,526)**	(131,578,863)
Amounts recoverable from reinsurance for incurred claims	5	**169,305,507**	116,446,112
Net income/(expense) from reinsurance contracts held		**36,546,981**	(15,132,751)
Insurance service result		**(17,621,992)**	(42,327,304)
Investment income	13	**1,692,330**	3,779,514
Insurance finance expense for insurance contracts issued	5	**(5,430,097)**	(7,141,637)
Reinsurance finance income for reinsurance contracts held	5	**2,201,765**	3,089,647
Net insurance finance expenses		**(3,228,332)**	(4,051,990)
Net insurance and investment results		**(19,157,994)**	(42,599,780)
Other (expense)/income		**(533,132)**	625,165
Loss for the year		**(19,691,126)**	(41,974,615)
Basic and diluted loss per share	15	**(0.17)**	(0.35)

The notes from 1 to 24 form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 7.

Statement of profit or loss and other comprehensive income for the year ended 31 December 2024 (continued)

	31 December 2024 AED	31 December 2023 AED
Loss for the year	**(19,691,126)**	(41,974,615)
Other comprehensive (income)/loss		
Items that will not be reclassified subsequently to profit or loss:		
Gain/ (loss) on sale from investments at fair value through other comprehensive income - equity securities	**10,773**	942,021
Net unrealized gain/(loss) from investments at fair value through other comprehensive income – equity securities	**86,421**	(55,689)
Items that maybe reclassified subsequently to profit or loss		
Net unrealized gain/(loss) from investments at fair value through other comprehensive income – debt securities	**-**	75,438
Total comprehensive loss for the year	**(19,593,932)**	(41,012,845)

The notes from 1 to 24 form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 7.

Insurance House P.J.S.C
Abu Dhabi, United Arab Emirates

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

	Share capital AED	Tier 1 capital AED	Treasury shares AED	Accumulated losses AED	Reinsurance reserve AED	Proposed Board of Directors' remuneration AED	Investment revaluation reserve AED	Statutory reserve AED	Total shareholders' equity AED
Balance at 1 January 2024	**118,780,500**	**15,000,000**	**(4,660,318)**	**(119,136,157)**	**1,181,192**	**-**	**(6,069)**	**7,679,502**	**18,838,650**
Net loss for the year	-	-	-	(19,691,126)	-	-	-	-	(19,691,126)
Other comprehensive income for the year	-	-	-	-	-	-	97,194	-	97,194
Transfer to reinsurance reserve	-	-	-	(709,477)	709,477	-	-	-	-
Tier 1 capital accrued coupon	-	-	-	(1,237,500)	-	-	-	-	(1,237,500)
Transfer of realized gain on disposal of investment at FVTOCI – equity	-	-	-	366,719	-	-	(366,719)	-	-
Balance at 31 December 2024	**118,780,500**	**15,000,000**	**(4,660,318)**	**(140,407,541)**	**1,890,669**	**-**	**(275,594)**	**7,679,502**	**(1,992,782)**
Balance at January 1, 2023	118,780,500	15,000,000	(4,660,318)	1,017,186	650,848	392,248	7,198,968	7,679,502	146,058,934
Adjustment due to misstatements	-	-	-	(75,031,826)	-	-	-	-	(75,031,826)
Balance at 1 January 2023	118,780,500	15,000,000	(4,660,318)	(74,014,640)	650,848	392,248	7,198,968	7,679,502	71,027,108
Adjustment on initial application of IFRS 17	-	-	-	(9,615,607)	-	-	-	-	(9,615,607)
Restated balance at 1 January 2023	118,780,500	15,000,000	(4,660,318)	(83,630,247)	650,848	392,248	7,198,968	7,679,502	61,411,501
Net loss for the year	-	-	-	(41,974,615)	-	-	-	-	(41,974,615)
Payment of Board of Director's remuneration	-	-	-	-	-	(392,248)	-	-	(392,248)
Other comprehensive income for the year	-	-	-	-	-	-	961,770	-	961,770
Transfer to reinsurance reserve	-	-	-	(530,344)	530,344	-	-	-	-
Tier 1 capital accrued coupon	-	-		(1,237,509)	-	-	-	-	(1,237,509)
Transfer of realized gain on disposal of investment at FVTOCI – equity	-	-	-	8,236,558	-	-	(8,236,558)	-	-
Transfer of realized gain on disposal of investment at FVTOCI – debt	-	-	-	-	-	-	69,751	-	69,751
Balance at 31 December 2023	118,780,500	15,000,000	(4,660,318)	(119,136,157)	1,181,192	-	(6,069)	7,679,502	18,838,650

Insurance House P J S C
Abu Dhabi, United Arab Emirates

Statement of Cashflow for the year ended 31 December 2024

	Notes	31 December 2024 AED	31 December 2023 AED
OPERATING ACTIVITIES			
Loss for the year		**(19,691,126)**	(41,974,615)
Adjustments for non-cash items:			
Depreciation of property and equipment	14	**2,786,224**	1,580,328
Un-realised loss on investments measured at FVTPL	13	**67,085**	6,329
Dividends and interest income	13	**(1,744,697)**	(2,939,855)
Realised (gain) on sale of investments carried at FVTPL	13	**(14,718)**	(915,739)
Charge for employees' end-of-service benefits	11	**577,861**	560,255
Reclassification of unrealised loss on disposal of investment at FVTOCI	13	**-**	(69,751)
Cash used in operating activities		**(18,019,371)**	(43,753,048)
Changes in working capital			
(Increase)/decrease in reinsurance contract assets	5	**(26,933,331)**	5,427,265
Decrease/(increase) in other receivables and prepayments	8	**34,589,043**	(30,819,898)
Increase/(decrease) in insurance contract liabilities	5	**15,970,450**	(27,935,300)
(Decrease) in other payables	12	**(5,250,922)**	(207,392)
Cash generated from/(used) in operating activities		**355,868**	(97,288,373)
Payment for employees' end of service benefits obligation	11	**(337,552)**	(1,237,550)
Net cash generated from/(used) in operating activities		**18,316**	(98,525,923)
INVESTING ACTIVITIES			
Purchase of property and equipment	4	**(426,997)**	(746,009)
Proceeds from disposal of property and equipment	4	**-**	34,596,019
Purchase of investments carried at FVTPL	6	**(1,512,381)**	(3,973,624)
Proceeds from disposals of investments carried at FVTPL	6	**327,600**	11,765,794
Proceeds from disposals of investments carried at FVOCI	6	**2,651,837**	30,422,387
Proceeds from redemption of fixed deposit	9	**-**	14,000,000
Dividends received	13	**47,627**	1,551,319
Interest received	13	**1,697,070**	1,388,536
Net cash generated from investing activities		**2,784,756**	89,004,422
FINANCING ACTIVITIES			
Tier 1 capital coupon		**(1,237,500)**	(1,237,509)
Directors' remuneration paid		**-**	(392,248)
Net cash used in financing activities		**(1,237,500)**	(1,629,757)
Net change in cash and cash equivalents		**1,565,572**	(11,151,258)
Cash and cash equivalents, beginning of the year		**37,779,645**	41,930,903
Reclassified from financial assets (Note 6)		**-**	7,000,000
Cash and cash equivalents, end of the year	9	**39,345,217**	37,779,645

1 Legal status and activities

Insurance House P.J.S.C. (the "Company") is a public joint stock company registered and incorporated on 14 April 2011 in Abu Dhabi, United Arab Emirates by Department of Economic Development under registration number CN-1200435. The Company is subject to the regulations of the UAE Federal Law No. (48) of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of UAE. The Company performs its activities through its head office in Abu Dhabi and branches located in Al Samha, Dubai – Sheikh Zayed Road, Sharjah, Mahawi and Motor World.

The Company is domiciled in the United Arab Emirates and its registered office address is Zayed I Street, Khalidiya, Al Orjowan Tower, P.O. Box: 129921, Abu Dhabi, United Arab Emirates.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The range of products and services offered by the company include but is not limited to accidents and civil responsibility insurance, land, marine and air transportation dangers insurance, health insurance, onshore and offshore oil and gas fields and facilities services.

1.1 Equity

As of 31 December 2024, the Company's accumulated losses are AED 140,407,541 (31 December 2023: 119,136,157) which resulted in erosion of equity in excess of 100% and has affected the required solvency ratio as prescribed by the Central Bank of the UAE. The management has submitted revised recovery plan for receiving principal shareholder's guarantee of AED 100 million on 22 November 2023. On 13 December 2024 the Company has received instructions from Central Bank of the UAE for receiving a principal shareholder's guarantee of AED 100 million from the principal shareholder, Finance House P.J.S.C. and increase of Company's capital by AED 25 million. The company has submitted updated recovery plan to CBUAE on 15 January, 2025 and awaiting approval for fulfilling the instruction requirements.

1.2 Going concern

The Company's future plan indicates that the Company will be profitable and will generate sufficient cash flow. The Company's directors are, therefore, confident that the Company will be able to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations. Accordingly, these financial statements have been prepared on a going concern basis. The Company has prepared a recovery plan which is also submitted to Central Bank of UAE which consists of the following key reasons for the issues and planned steps to resolve them.

Key reasons for the accumulated loss leading to solvency deficit:

- The Company has not utilized technically sound pricing methodologies for the Medical and Motor lines in previous year which has ongoing impact on the results of current year.
- Sudden rise in the claims due to extra ordinary natural events like heavy rain fall, flood and fire during the year.

1 Legal status and activities (continued)

1.3 Management plan to address going concern

As at 31 December 2024, the Company's accumulated losses represent 118.21% of the share capital of the Company (31 December 2023: 100.30%) which has resulted in a solvency deficit.

As per the instruction of Central Bank of the UAE, the Company has planned the following key actions to address the solvency deficit by increasing the total Basic Own Funds i.e. Basic Own Funds and Subordinated Liabilities. The actions are as follows:

Increase in basic own funds:

- Raise Tier 1 capital**:** A capital injection of AED 25 million through Tier 1 Capital within 90 days of CBUAE approval, will also increase the assets for solvency purposes.

Increase in subordinated liabilities:

- Shareholder Guarantee**:** Increase subordinated liabilities by means of a shareholder's guarantee (AED 100 million).

The company is also planning strategy and other changes in the underwriting, operations and internal control to improve the overall profitability of the business.

2 General information

2.1 Statement of compliance

This financial Statement is for the year ended 31 December 2024 and is presented in United Arab Emirates Dirham (AED), which is also the functional currency of the Company. The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standard Board and their preparation in compliance with the applicable provisions of the Articles of Association of the Company, United Arab Emirates Federal Law No. (32) of 2021, Federal Decree Law No. (48) of 2023 Regulating Insurance Activities, Central Bank of the UAE Board of Directors' Decision No. (25) of 2014 pertinent to the Financial Regulations for Insurance Companies.

2.2 Basis of preparation

These financial Statements have been prepared on the historical cost basis, except for financials assets carried at fair value through other comprehensive income and financial assets carried at fair value through profit and loss and the provision for employees' end of service indemnity which is calculated in line with UAE labour laws.

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

2 General information (continued)

2.3 Accounting convention

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policies.

2.4 Standards, interpretations and amendments to existing standards

New and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

New Standards or amendments	Effective date
Amendments to IAS 1 Presentation of Financial Information - Non-current Liabilities with Covenants and classification of liabilities as current or non-current	1 January 2024
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 – Lease on sale and leaseback	1 January 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2 Climate-related Disclosures	1 January 2024

New and revised IFRS in issue but not yet effective

The Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised standards	Effective date
IFRS 18 Presentation and Disclosures in Financial Information	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments to the SASB standards to enhance their international applicability	1 January 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026

Management anticipates that these standards will not have any significant impact on these financial statements.

3 Material accounting policies

3.1 IFRS 17 - Insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance 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.

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

Insurance and re-insurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policy holders. 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.

The Company's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The Company applies the PAA to simplify the measurement of all of its insurance and reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for outstanding claims, the Company now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

The insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognized once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are presented as a single net amount in profit or loss.

Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

3 Material accounting policies (continued)

3.1 IFRS 17 - Insurance contracts (continued)

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive - either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

Level of aggregation

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

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

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

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

3 Material accounting policies (continued)

3.1 IFRS 17 - Insurance contracts (continued)

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

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

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

Recognition

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

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Company recognises a group of reinsurance contracts held:
- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group the Group 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. For insurance contract, 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. For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

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 the types of its lines of business.

3 Material accounting policies (continued)

3.1 IFRS 17 - Insurance contracts (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 fulfillment 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 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;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company 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 straight-line basis to profit or loss.

Reinsurance contracts

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

Insurance contracts — modification and derecognition

The Company derecognises insurance contracts when:

3 Material accounting policies (continued)

3.1 IFRS 17 - Insurance contracts (continued)

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

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

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

Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of groups of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.
Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts issued.
The Company disaggregates the total amount recognised in the statement of 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.
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 of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and stances 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.

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 recognize a loss component as the excess of the fulfillment 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.

3 Material accounting policies (continued)

3.1 IFRS 17 - Insurance contracts (continued)

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 presents insurance finance income or expenses in profit or loss only.

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. 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.

3 Material accounting policies (continued)

3.1 IFRS 17 - Insurance Contracts (continued)

Key Accounting Policy choices

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

Particulars	IFRS 17 Options	Adoption approach
Policy acquisition cost	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortizing them over the contract's coverage period.	The Company amortized the insurance acquisition cost for all contracts. The Company allocates the acquisition cost to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, the Company is not required to make an adjustment for the accretion of interest on the LRC.	For PAA model, the Company has elected not to adjust the Liability for Remaining Coverage for discounting, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less
Liability for Incurred Claims ("LIC") adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company will discount all future incurred claim cashflows.
Insurance finance income and expenses	IFRS 17 provides an accounting policy choice to recognize the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the PL or OCI option) is applied on a portfolio basis.	Entire insurance finance income or expense for the period will be presented in the statement of profit or loss.
Disaggregation of risk adjustment	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service resultant insurance finance income or expenses.	The entire risk adjustment will be presented in insurance service results by the Company.
Presentation in the statement of income – Reinsurance	The Company may present the income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount; or the Company may present separately the amounts recovered from the reinsurer and an allocation of the premiums paid that together give a net amount equal to that single amount	Reinsurance cession and recoveries will be presented separately in the statement of profit or loss by the Company.
Adjustments of estimate would take place on an annual basis	The Company shall apply its choice of accounting policy to all the groups of insurance contracts it issues and groups of reinsurance contracts it holds.	Adjustments of estimate would take place on an annual basis.

3 Material Accounting Policies (continued)

3.2 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of the property and equipment.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such assets are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The rates of depreciation used are based on the following estimated useful lives of the assets:

	Useful lives
Computers and software	3 – 4 years
Office equipment and decoration	4 years
Motor vehicles	4 years
Building	30 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the net carrying amount of the assets and are recognised in statement of profit or loss.

3.3 Financial instruments

a) Recognition 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, for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue. 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.

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

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

3 Material Accounting Policies (continued)

3.3 Financial instruments (continued)

b) Classification and subsequent measurement of financial assets (continued)

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

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

Fair value measurement

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

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.

Fair value of financial instruments

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

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

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Debt instruments that do not meet the amortised cost criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of profit or loss.

3 Material accounting policies (continued)

3.3 Financial instruments (continued)

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) Impairment

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued;
- loan commitments issued; and
- No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cashflows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

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.

f) Derecognition

The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39. 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. Financial liability is derecognised when it is extinguished.

3 Material accounting policies (continued)

3.4 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 period in which the service is rendered.

A provision for employees' end-of-service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. 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 period as specified in the U.A.E. Labour Law. The expected costs of these benefits are accrued over the period of employment.

3.5 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 from translation are recognised in the statement of profit or loss.

Non-monetary items are not retranslated at period-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.

3.6 Interest income and expense

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

3.7 Dividend income

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

3.8 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.

3 Material accounting policies (continued)

3.8 Provisions, contingent liabilities and contingent assets (continued)

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.

3.9 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Other details for reserves are mentioned in Note 10 to the financial statements. Accumulated losses include all current and prior period retained profits or losses.

Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

3.10 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.

3.11 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.

3.12 Segment reporting

Under IFRS 8 "Operating Segments", reported segments' profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

3.13 Insurance contracts

Insurance contract is an agreement whereby one party called the insurer undertakes, for a consideration paid by the other party called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Insurance contracts are those contracts that transfer significant insurance risk. Such risk includes the possibility of having to pay benefits on the occurrence of an insured event. The Company may also transfer insurance risk in insurance contracts through its reinsurance agreements to hedge a greater possibility of claims occurring than expected. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significant during this period, unless all rights and obligations are extinguished or have expired.

3.14 Corporate tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

3 Material accounting policies (continued)

3.14 Corporate tax (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. In accordance with IAS 12 - Income Taxes, a deferred tax asset shall be recognized for the carryforward of unused tax losses only to the extent that it is probable that future taxable profit will be available against which the losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3 Material accounting policies (continued)

3.15 Critical accounting estimates and judgements in applying accounting policies

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

Measurement of the expected credit loss allowance

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Company while determining the impact assessment, are:

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Company compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Company's existing risk management processes.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

When measuring ECL, the Company must consider the maximum contractual period over which the Company is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Company is exposed to credit risk and where the credit losses would not be mitigated by management action.

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.

3 Material accounting policies (continued)

3.15 Critical accounting estimates and judgements in applying accounting policies (continued)

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 are 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 period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfillment 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.

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 swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

3 Material accounting policies (continued)

3.15 Critical accounting estimates and judgements in applying accounting policies (continued)

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	**6.08**	6.66	**5.04**	5.72	**4.82**	5.35	**4.77**	5.02	**4.78**	5.36
Reinsurance contracts held	**6.08**	6.66	**5.04**	5.72	**4.82**	5.35	**4.77**	5.02	**4.78**	5.36

Risk adjustment for non-financial risk

The Company uses a Solvency II (Value at risk) type approach to determine its risk adjustment for non-financial risk. Each portfolio is matched with the most representative Solvency II LOB and an assumption is made that the prescribed standard deviation of premiums risk and reserves risk for a given Solvency II LOB is representative of the standard deviation of the portfolio LRC and LIC standard deviation respectively. Further, the Company assumes that the LRC and LIC each have a Lognormal distribution with the LIC mean matching the sum of the IBNR, OS and ULAE while the LRC mean matches the UPR of a given portfolio. 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 for different lines in the range of 60-75 percentile. That is, the Company has assessed its indifference to uncertainty for product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 60-75 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.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as of fair value through profit or loss, at fair value through other comprehensive income or at amortised cost.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

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

Provision for legal cases

Considerable judgement by management is required in the estimation for legal cases arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

4 Property and equipment

	Land AED	Building AED	Office equipment and decoration AED	Computers and software AED	Motor vehicles AED	Capital work in progress* AED	Total AED
Cost							
At 1 January 2023	10,390,000	28,571,039	6,152,452	3,585,846	705,638	6,920,119	56,325,094
Additions during the year	-	-	280,240	142,204	-	383,702	806,146
(Disposals) during the year	(10,390,000)	(28,571039)	-		(240,000)	-	(39,201,039)
At 31 December 2023	-	-	6,432,692	3,728,050	465,638	7,303,821	17,930,201
Additions during the year	-	-	2,774	145,167	-	279,056	426,997
At 31 December 2024	**-**	**-**	**6,435,466**	**3,873,217**	**465,638**	**7,582,877**	**18,357,198**
Accumulated depreciation							
At 1 January 2023	-	3,650,744	6,017,899	3,301,421	344,683	-	13,314,747
Charge for the year	-	793,640	116,544	163,227	101,150	405,767	1,580,328
(Disposals) for the year	-	(4,444,384)	-	-	(240,000)	-	(4,684,384)
At 31 December 2023	-	-	6,134,443	3,464,648	205,833	405,767	10,210,691
Charge for the year	-	-	107,206	142,988	101,422	2,434,608	2,786,224
At 31 December 2024	**-**	**-**	**6,241,649**	**3,607,636**	**307,255**	**2,840,375**	**12,996,915**
Carrying amount							
At 31 December 2024	**-**	**-**	**193,817**	**265,581**	**158,383**	**4,742,502**	**5,360,282**
At 31 December 2023	-	-	298,249	263,402	259,805	6,898,054	7,719,510

* The comprehensive IH Digital Transformation Program that commenced in 2019 was planned for 5 years till 2024 (from Conception to Go Live), aimed to enhance IH's digital capabilities across motor, commercial, and medical lines of business.

4 Property and equipment (continued)

The project encompasses the below key elements of digital assets apart from the upgrade or replacement of the core system which is currently in progress as per the revised project roadmap. The key digital components /capabilities which are part of the program are as follows:

- User Experience Design & Customer Journey Build
- Micro-Service based Target Technical Architecture & Infrastructure
- Digital Transformation Requirements, Process and RFP
- Comprehensive Test Pack including Methodology, Test Plan
- Online Solution for Business to Business, Business to Consumer, Insurance as a Service Components, and other Digital Fabric Layer

Transformation of Core Insurance (Replacement or Upgrade) which is currently in Progress. The above components/capabilities acquired and/or completed as part of this Project (Items 1- 5 above) are all re-usable in nature and currently form the base of the Transformation of Core Insurance, which is delayed, but still in progress. This project has been delayed due to Covid – 19, change in management team / key personnel and financial distractions of 2023. It is now being re-scheduled to be completed by 2025. The Company has capital work in progress of AED 4,742,502 (31 December 2023: AED 6,898,054) as at 31 December 2024 and management expects to capitalize it upon completion of the project. Based on internal assessment, management has initiated amortizing it effective 1 November 2023 over the period of 3 years. Management has considered the impact of amortization amounting to AED 2,434,608 (31 December 2023: AED 405,767) (forming part of General and Administrative expenses) during the year.

5 Insurance and reinsurance contracts

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

	Assets AED	**Liabilities AED**	**At 31 December 2024 Net AED**	Assets AED	Liabilities AED	At 31 December 2023 Net AED
Insurance contracts issued	**-**	**194,146,215**	**194,146,215**	(462,340)	178,638,105	178,175,765
Reinsurance contracts held	**138,384,676**	**-**	**138,384,676**	111,451,345	-	111,451,345

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

5 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 (continued)

2024

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED
Insurance contract assets as at 1 January	(863,546)	-	386,929	14,277	(462,340)
Insurance contract liabilities as at 1 January	32,930,382	4,893,375	137,101,618	3,712,730	178,638,105
Net Insurance contract liabilities as at 1 January	**32,066,836**	**4,893,375**	**137,488,547**	**3,727,007**	**178,175,765**
Insurance revenue	**(297,661,269)**	**-**	**-**	**-**	**(297,661,269)**
Insurance service expenses	**27,852,282**	**(4,483,835)**	**327,552,638**	**909,157**	**351,830,242**
Incurred claims and other expenses	-	-	421,318,815	4,636,162	425,954,977
Changes to liabilities for incurred claims	-	-	(93,766,177)	(3,727,005)	(97,493,182)
Amortisation of insurance acquisition cash flows	27,852,282	-	-	-	27,852,282
Future service: Losses on onerous contracts and reversals of those losses	-	(4,483,835)	-	-	(4,483,835)
Insurance service result gain /(loss)	**(269,808,987)**	**(4,483,835)**	**327,552,638**	**909,157**	**54,168,973**
Insurance finance expenses through profit and loss	-	-	5,430,097	-	5,430,097
Total changes in statement of comprehensive income	**(269,808,987)**	**(4,483,835)**	**332,982,735**	**909,157**	**59,599,070**
Cash flows					
Premiums received	337,905,988	-	-	-	337,905,988
Claims paid	-	-	(282,175,690)	-	(282,175,690)
Directly attributable expense paid	-	-	(51,148,485)	-	(51,148,485)
Insurance acquisition cash flows	(48,210,433)	-	-	-	(48,210,433)
Total cash flows	**289,695,555**	**-**	**(333,324,175)**	**-**	**(43,628,620)**
Insurance contract assets as at 31 December	-	-	-	-	-
Insurance contract liabilities as at 31 December	51,953,404	409,541	137,147,108	4,636,162	194,146,215
Net insurance contract liabilities as at 31 December	**51,953,404**	**409,541**	**137,147,108**	**4,636,162**	**194,146,215**

5 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 (continued)

2023

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED
Insurance contract assets as at 1 January	(18,423,308)	582,921	15,689,164	198,238	(1,952,985)
Insurance contract liabilities as at 1 January	25,459,297	22,810,967	156,469,044	3,324,742	208,064,050
Net Insurance contract liabilities as at 1 January	**7,035,989**	**23,393,888**	**172,158,208**	**3,522,980**	**206,111,065**
Insurance revenue	**(242,946,852)**	**-**	**-**	**-**	**(242,946,852)**
Insurance service expenses	**39,706,181**	**(18,500,513)**	**248,731,711**	**204,026**	**270,141,405**
Incurred claims and other expenses	-	-	428,031,556	1,233,089	429,264,645
Changes to liabilities for incurred claims	-	-	(179,299,845)	(1,029,063)	(180,328,908)
Amortisation of insurance acquisition cash flows	39,706,181	-	-	-	39,706,181
Future service: Losses on onerous contracts and reversals of those losses	-	(18,500,513)	-	-	(18,500,513)
Insurance service result (gain) / loss	**(203,240,671)**	**(18,500,513)**	**248,731,711**	**204,026**	**27,194,553**
Insurance finance expenses through profit and loss	-	-	7,141,637	-	7,141,637
Total changes in statement of comprehensive income	**(203,240,671)**	**(18,500,513)**	**255,873,348**	**204,026**	**34,336,190**
Cash flows					
Premiums received	239,213,163	-	-	-	239,213,163
Claims paid	-	-	(290,543,009)	-	(290,543,009)
Directly attributable expense paid	-	-	-	-	-
Insurance acquisition cash flows	(10,941,644)	-	-	-	(10,941,644)
Total cash flows	**228,271,519**	**-**	**(290,543,009)**	**-**	**(62,271,490)**
Insurance contract assets as at 31 December	(863,546)	-	386,929	14,277	(462,340)
Insurance contract liabilities as at 31 December	32,930,382	4,893,375	137,101,618	3,712,730	178,638,105
Net insurance contract liabilities as at 31 December	**32,066,836**	**4,893,375**	**137,488,547**	**3,727,007**	**178,175,765**

5 Insurance and reinsurance contracts (continued)

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

2024

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED
Reinsurance contract assets as at 1 January	43,082,898	-	66,746,412	1,622,035	111,451,345
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net Reinsurance contract assets as at 1 January	**43,082,898**	**-**	**66,746,412**	**1,622,035**	**111,451,345**
Allocation of reinsurance premium	**(132,758,526)**	**-**	**-**	**-**	**(132,758,526)**
Net income or (expense) from reinsurance contracts held	**17,431,212**	**-**	**149,826,462**	**2,047,833**	**169,305,507**
Incurred claims and other expenses	-	-	190,125,387	3,669,867	193,795,254
Changes to amounts recoverable for incurred claims	-	-	(40,298,925)	(1,622,034)	(41,920,959)
Amortisation of reinsurance acquisition cash flows	17,431,212	-	-	-	17,431,212
Reinsurance service result loss /(gain)	**(115,327,314)**	**-**	**149,826,462**	**2,047,833**	**36,546,981**
Reinsurance finance income through profit and loss	-	-	2,201,765	-	2,201,765
Total changes in statement of comprehensive income	**(115,327,314)**	**-**	**152,028,227**	**2,047,833**	**38,748,746**
Cash flows					
Reinsurer premiums paid	109,985,675	-	-	-	109,985,675
Claim recoveries from reinsurance	-	-	(101,413,018)	-	(101,413,018)
Acquisition cash flows recovered from reinsurance	(20,388,071)	-	-	-	(20,388,071)
Total cash flows	**89,597,604**	**-**	**(101,413,018)**	**-**	**(11,815,414)**
Reinsurance contract assets as at 31 December	17,353,188	-	117,361,621	3,669,867	138,384,676
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
Net reinsurance contract assets as at 31 December	**17,353,188**	**-**	**117,361,621**	**3,669,867**	**138,384,676**

5 Insurance and reinsurance contracts (continued)

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

2023

	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED
Reinsurance contract assets as at 1 January	27,195,140	9,637,875	77,974,243	2,071,352	116,878,610
Reinsurance contract liabilities as at 1 January	-	-	-	-	-
Net Reinsurance contract assets as at 1 January	**27,195,140**	**9,637,875**	**77,974,243**	**2,071,352**	**116,878,610**
Allocation of reinsurer premium	**(121,940,988)**	**(9,637,875)**	**-**	**-**	**(131,578,863)**
Net income or (expense) from reinsurance contracts held	**12,621,044**	**-**	**104,274,386**	**(449,318)**	**116,446,112**
Incurred claims and other expenses	-	-	185,338,276	128,040	185,466,316
Changes to amounts recoverable for incurred claims	-	-	(81,063,890)	(577,358)	(81,641,248)
Amortisation of reinsurance acquisition cash flows	12,621,044	-	-	-	12,621,044
Future service: Loss recovery on underlying contracts	-	-	-	-	-
Reinsurance service result (loss) / gain	**(109,319,944)**	**(9,637,875)**	**104,274,386**	**(449,318)**	**(15,132,751)**
Reinsurance finance income through profit and loss	-	-	3,089,647	-	3,089,647
Total changes in statement of comprehensive income	**(109,319,944)**	**(9,637,875)**	**107,364,033**	**(449,318)**	**(12,043,104)**
Cash flows					
Reinsurer premiums paid	138,548,676	-	-	-	138,548,676
Claim recoveries from reinsurance	-	-	(118,591,864)	-	(118,591,864)
Directly attributable expense paid	-	-	-	-	-
Acquisition cash flows recovered from reinsurance	(13,340,972)	-	-	-	(13,340,972)
Total cash flows	**125,207,704**	**-**	**(118,591,864)**	**-**	**6,615,840**
Reinsurance contract assets as at 31 December	43,082,898	-	66,746,412	1,622,035	111,451,345
Reinsurance contract liabilities as at 31 December	-	-	-	-	-
Net reinsurance contract assets as at 31 December	**43,082,898**	**-**	**66,746,412**	**1,622,035**	**111,451,345**

6 Financial assets

	31 December 2024 AED	31 December 2023 AED
Investments carried at FVTOCI		
Quoted equity securities	**1,476,442**	2,901,238
Quoted Tier 1 perpetual securities	**-**	1,190,727
Unquoted Tier 1 perpetual securities	**6,950,000**	6,950,000
	8,426,442	11,041,965
Investments carried at FVTPL		
Quoted equity securities	**1,259,368**	66,070
	1,259,368	66,070

The movement in the investments in financial assets is as follows:

	31 December 2024 AED	31 December 2023 AED
Investments carried at FVTOCI		
Fair value at 1 January	**11,041,965**	40,502,582
Disposals	**(2,651,837)**	(30,422,387)
Change in fair value	**97,196**	961,770
Reclassification of realized loss on disposal of investment	**(60,882)**	-
Fair value at the end of the reporting year	**8,426,442**	11,041,965
Investments carried at FVTPL		
Fair value at 1 January	**66,070**	13,948,829
Additions	**1,512,381**	3,973,624
Disposals	**(327,600)**	(10,850,054)
Change in fair value	**(67,085)**	(6,329)
Realised gain	**75,601**	-
Reclassified to cash and cash equivalents (Note 9)	**-**	(7,000,000)
Fair value at the end of the reporting year	**1,259,368**	66,070

The geographical distribution of investments is as follows:

	31 December 2024 AED	31 December 2023 AED
Quoted UAE equity securities	**1,309,387**	1,621,351
Quoted outside UAE Tier 1 Perpetual securities	**-**	1,190,727
Unquoted UAE Tier 1 securities	**6,950,000**	6,950,000
Quoted outside UAE equity securities	**1,426,423**	1,345,957
	9,685,810	11,108,035

6.1 Fair value measurements

Management considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the financial statements and are classified as level 3 in accordance with the IFRS 13 hierarchy.

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

- Level 1 – fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements derived from 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 – fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Management has determined the fair value of these unquoted investments by applying an appropriate risk adjusted liquidity discount on the net assets of the investee companies.

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2023.

Fair value of the Company's financial assets and liabilities that are measured at fair value on recurring basis
Some of the Company's financial assets and liabilities are measured at fair value at the end of the reporting period.

	Note	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
31 December 2024					
Investments at FVTOCI					
Investment in quoted securities	(a)	**1,476,442**	**-**	**-**	**1,476,442**
Unquoted Tier 1 perpetual securities		**-**	**-**	**6,950,000**	**6,950,000**
		1,476,442	**-**	**6,950,000**	**8,426,442**
Investments at FVTPL					
Investment in quoted equity securities	(a)	**1,259,368**	**-**	**-**	**1,259,368**
		1,259,368	**-**	**-**	**1,259,368**
31 December 2023					
Investments at FVTOCI					
Investment in quoted securities	(a)	2,901,238	-	-	2,901,238
Quoted Tier 1 perpetual securities		1,190,727	-	-	1,190,727
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		4,091,965	-	6,950,000	11,041,965
Investments at FVTPL					
Investment in quoted equity securities	(a)	66,070	-	-	66,070
		66,070	-	-	66,070

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

During the year, there were no transfers between Level 1 and Level 2 fair value measurement and no transfers into or out of Level 3 fair value measurements.

7 Statutory deposits

In accordance with the requirement of Article (38) of the Federal Decree Law No. (48) of 2023 Regulating Insurance Activities (previously Federal Law No. 6 of 2007, as amended), the Company maintains a bank deposit amounting to AED 6,000,000 as of 31 December 2024 (31 December 2023: AED 6,000,000) and it cannot be utilized without the consent of the Central Bank of the U.A.E. ("CBUAE").

8 Other receivables and prepayments

	31 December 2024 AED	31 December 2023 AED
Prepayments	**5,554,693**	4,952,175
Rent receivable	**133,778**	873,778
Accrued interest income	**1,171,410**	943,301
Guarantee deposits	**703,257**	663,257
Other advances	**1,001,429**	1,128,076
Receivable from sale of land and building	**-**	34,596,019
Dividend receivable	**2,993**	-
	8,567,560	43,156,606

9 Cash and cash equivalents

	31 December 2024 AED	31 December 2023 AED
Cash on hand	**4,910**	5,000
Cash at banks - current accounts	**6,964,346**	10,649,456
Cash at bank - call account	**20,375,961**	20,125,189
Deposit in commercial paper	**7,000,000**	7,000,000
Fixed deposit	**5,000,000**	-
	39,345,217	37,779,645

i. Cash at banks includes current accounts and call account balances amounting to AED 24,666,997 as of 31 December 2024 held with financial institutions which are related parties (call account balances are interest bearing) (31 December 2023: AED 24,311,258).

ii. Fixed deposits as of 31 December 2024 amounting to AED 5 million (31 December 2023: AED Nil) with related party for 6 months, carry interest rate of 5.75% - 6.25% (31 December 2023: Nil).

10 Capital and reserves

Share capital

	2024 **AED**	2023 AED
Authorised, issued and fully paid:		
118,780,500 shares of AED 1 each	**118,780,500**	118,780,500

Tier 1 capital

On 14 January 2019, the Company's Board of Directors approved the issuance of Tier 1 perpetual bonds non-convertible into shares amounting to AED 15,000,000 for the purpose of strengthening the Company's capital adequacy and assets and to support its financial position to achieve the Company's growth strategy and to be compatible with the instructions of the CBUAE.

Statutory reserve

In accordance with the UAE Federal Law No. 32 of 2021, concerning Commercial Companies and the Company's Articles of Association, 10% of net profit for each year were to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. The Company has not made any transfer to the reserve as it has incurred loss during the year. This reserve is not available for any distribution to the shareholders.

Reinsurance reserve

In accordance with Article (34) to Insurance Authority's Board of Directors Decision No (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of the United Arab Emirates ("CBUAE") shall bind in the preparation of its annual financial statements and its final accounts to allocate an amount equal to 0.5% (Five per thousand) of the total reinsurance premiums ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Company deals to pay what is due to the Company or default in its financial position. The provision shall be accounted for year after year based on the reinsurance premiums ceded and may not be disposed of without the written approval of the Assistant Governor of the Banking and Insurance Supervision Department of CBUAE. The decision was effective from 01 December 2020. Accordingly, an amount of AED 1,890,669 (31 December 2023: 1,181,192) has been recorded in equity as a reinsurance default risk reserve.

Treasury Shares

During the previous year, the Company bought back a total number of 5.3 million outstanding shares with AED 4,660,318.

11 Provision for employees' end-of-service benefits

	31 December 2024 **AED**	31 December 2023 AED
Balance as at 1 January	**2,531,023**	3,208,318
Charges during the year	**577,861**	560,255
Benefits paid during the year	**(337,552)**	(1,237,550)
Balance at the end of the year	**2,771,332**	2,531,023

12 Other payables

	31 December 2024 AED	31 December 2023 AED
Payables-inside UAE	**12,418,780**	17,669,703
	12,418,780	17,669,703

Inside UAE:

	31 December 2024 AED	31 December 2023 AED
Related parties payables (Note 17)	**8,115,932**	13,487,933
VAT output tax payable (net)	**305,738**	272,898
Other accrued expenses*	**3,997,110**	3,908,872
	12,418,780	17,669,703

*Accrued expense related to amounts incurred in the normal course of business such as fee payable to regulators and other professionals.

13 Income from investments

	31 December 2024 AED	31 December 2023 AED
Dividend income on investment in financial assets	**47,627**	1,551,319
Interest income from fixed income securities	**777,889**	790,700
Interest income on fixed deposits and call account (net)	**919,181**	597,836
Realised gain on sale of investments carried at FVTPL	**14,718**	915,739
Unrealised gain/(loss) on revaluation of investments FVTPL	**(67,085)**	(6,329)
Reclassification of realised loss on disposal of investment at FVTOCI-debt	**-**	(69,751)
	1,692,330	3,779,514

14 General and administrative expenses

	31 December 2024 AED	31 December 2023 AED
Salaries and related benefits	**24,353,030**	23,675,408
Management fees	**6,128,314**	6,755,796
Government fees	**2,424,588**	2,203,771
Depreciation of property and equipment	**2,786,224**	1,580,328
Telephonic and postage	**767,240**	678,929
Bank charges	**191,041**	117,583
Other expenses	**5,093,750**	6,365,695
	41,744,187	41,377,510

Out of the total balance, the management has considered AED 41,207,755 (31 December 2023: AED 40,227,524) directly attributable expenses to insurance business and accordingly, this has been considered under Insurance services expenses.

15 Earnings per share – Basic and diluted

Earnings per share are calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares outstanding during the year as follows:

	31 December 2024	31 December 2023
Earnings (AED):		
Loss for the year	**(19,691,126)**	(41,974,615)
Number of shares:		
Weighted average number of ordinary shares for the purpose of earnings per share	**118,780,500**	118,780,500
Loss per share (AED):		
Basic and diluted	**(0.17)**	(0.35)

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

16 Risk management

The Company monitors and manages the financial risks relating to its business and operations. These risks include insurance risk, capital risk, credit risk, interest rate risk, market risk, foreign currency risk and liquidity risk.

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

16 Risk management (continued)

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

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 estimated amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from period to period 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.

Underwriting strategy

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

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

Reinsurance strategy

The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources.

The Company has a Reinsurance department that is responsible for setting the minimum-security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance program and its ongoing adequacy.

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

16 Risk management (continued)

Capital risk

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements required by UAE Federal Decree Law No. (48) of 2023 Regulating Insurance Activities (previously Federal Law No. (6) of 2007, as amended), concerning the formation of Insurance Authority of UAE.
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance contracts commensurate with the level of risk.

In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the company in relation to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year. The Company is subject to local insurance solvency regulations which it has not been complied with during the year.

The table below summarizes the minimum regulatory capital of the Company and the total capital held.

	31 December 2024 AED	31 December 2023 AED
Total capital and reserves	**(1,992,782)**	18,838,650
Minimum regulatory capital (Note 1.1)	**100,000,000**	100,000,000

The CBUAE has issued resolution no. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing insurance companies and AED 250 million for reinsurance companies. The resolution also stipulates that at least 51 percent of the capital of the insurance companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Company is in compliance with these rules.

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

16 Risk management (continued)

Capital risk (continued)

	30 September 2024	31 December 2023
	AED	AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	61,610,544	44,500,401
Minimum Guarantee Fund (MGF)	41,276,522	31,682,833
Own Funds		
Basic Own Funds	(32,486,588)	(16,136,096)
Ancillary Own Funds	-	-
MCR Solvency Margin- Minimum Capital Requirement (deficit)/surplus	(132,486,588)	(116,136,096)
SCR Solvency Margin- Solvency Capital Requirement (deficit)/surplus	(94,097,132)	(60,636,497)
MGF Solvency Margin- Minimum Guarantee Fund (deficit)/surplus	(73,763,110)	(47,818,929)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

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

- Amounts due from reinsurers in respect of claims already paid.
- Amounts due from insurance contract holders.
- Amounts due from insurance intermediaries.
- Amounts due from banks for its balances and fixed deposits.

The Company has adopted a policy of only 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 counter party limits that are reviewed and approved by the management annually.

Re-insurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the Company remains liable for the payment to the policy holder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

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

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

16 Risk management (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate. The Company is exposed to interest rate risk on call account, fixed deposits with bank, financial assets such as bonds. The interest rates are subject to periodic revisions.

The Company generally manages to minimize 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
(li) Asset for incurred claims.

The below tables show the impact of 5% change in risk adjustment and discounting on liability for incurred claims and assets for incurred claims:

31 December 2024	Impact on profit gross of reinsurance	Impact on profit net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Risk Adjustment				
5% increase	(296,806)	(113,312)	(296,806)	(113,312)
5% decrease	296,806	113,312	296,806	113,312
Discounting				
5% increase	512,120	266,529	512,120	266,529
5% decrease	(515,534)	(268,211)	(515,534)	(268,211)

31 December 2023	Impact on profit gross of reinsurance	Impact on profit net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Risk Adjustment				
5% increase	(186,350)	(105,249)	(186,350)	(105,249)
5% decrease	186,350	105,249	186,350	105,249
Discounting				
5% increase	380,595	203,132	380,595	203,132
5% decrease	(380,595)	(203,132)	(380,595)	(203,132)

Interest rate sensitivity analysis

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

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

16 Risk management (continued)

Market risk

Market prices risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issue or factors affecting all instruments traded in the market.

Equity and debt price risk

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

At the end of the reporting period, if the equity and debt prices are 10% higher / lower as per the assumptions mentioned below and all the other variables were held constant, the Company's other comprehensive loss for the year ended 31 December 2024 would have increased / (decreased) by AED 253,490 (year ended 31 December 2023: AED 1,110,804).

Method and assumptions for sensitivity analysis:

- The sensitivity analysis has been done based on the exposure to equity and debt price risk as at the end of the reporting period.
- As at the end of the reporting period if equity and debt prices are 10% higher / lower on the market value uniformly for all equity and debt while all other variables are held constant, the impact on profit and other comprehensive loss for the year has been shown above.
- A 10% change in equity and debt prices has been used to give a realistic assessment as a plausible event.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year. The UAE Dirham is effectively pegged to the US Dollar, thus foreign currency risk occurs only in respect of other currencies. The company maintains policies and procedures to manage the exchange rate risk exposure.

Frequency and severity of claims

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

The Company has the right not to renew individual policies, re-price the risk, impose deductibles and reject the payment of a fraudulent claim for both short and long-term insurance contracts. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

16 Risk management (continued)

Frequency and severity of claims (continued)

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer net insurance losses more than the limit defined in the Risk appetite statement in any one event. The risks are frequently reviewed individually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

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. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until several months, quarters & sometimes years after event that gave vise 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. The Company involved an independent external actuary as well if deemed necessary. Large claims are assessed on a case-by-case 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 claim's exposures. However, given the uncertainty in establishing some claims provisions, it is possible that the final outcome will prove to be different from the original liability established.

The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid at the end of the reporting period. The amount of insurance claims is in some cases sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

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

Process used to decide on assumptions

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

16 Risk management (continued)

Process used to decide on assumptions (continued)

The Company uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are chain-ladder and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. Selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year. Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

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

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that a weighted average of different techniques have been selected for individual accident years or groups of accident years within the same class of business. The Company has an internal actuary and independent external actuaries are also involved in the valuation of technical reserves of the Company and has used historical data for the past 9 years. The Company did not change its assumptions for the valuation of the insurance contract liabilities during the year other than those disclosed.

Concentration of insurance risk

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

To minimize its exposure to significant losses from reinsurer insolvencies, the Company primarily deals with reputed counter parties and monitors the receivable position from these parties on a regular basis.

Operational risk

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

16 Risk management (continued)

Liquidity risk

The Company's Board of Directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the Board of Directors.

The following table shows the maturity dates of Company's financial assets and liabilities as at 31 December 2024:

	Less than 1 year AED	**More than 1 year AED**	**Total AED**
Financial assets			
Interest bearing	**39,345,217**	**12,950,000**	**52,295,217**
Non-interest bearing	**144,133,354**	**-**	**144,133,354**
	183,478,571	**12,950,000**	**196,428,571**
Financial liabilities			
Non-interest bearing	**23,367,506**	-	**23,367,506**

The following table shows the maturity dates of Company's financial assets and liabilities as at 31 December 2023:

	Less than 1 year AED	More than 1 year AED	Total AED
Financial assets			
Interest bearing	37,779,645	14,140,727	51,920,372
Non-interest bearing	105,486,301	-	105,486,301
	143,265,946	14,140,727	157,406,673
Financial liabilities			
Non-interest bearing	55,225,289	-	55,225,289

17 Related party balances and transactions

Related parties comprise the major Shareholders, the Board of Directors and key management personnel of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The transactions with these related parties are primarily financing in nature as follows:

	31 December 2024	31 December 2023
	AED	AED
Premium and insurance balances receivables		
Shareholder		
Finance House P.J.S.C.	**7,588,001**	3,495,990
Fellow subsidiaries		
Finance House L.L.C	**831,257**	382,833
Finance House Securities L.L.C.	**238,814**	240,291
	8,658,072	4,119,114
Other receivables		
Shareholder		
Finance House P.J.S.C.	**-**	34,596,019
	-	34,596,019
Insurance and other payables		
Shareholder		
Finance House P.J.S.C.	**6,500,000**	12,000,000
Fellow subsidiaries		
FH Capital P.S.C.	**1,578,798**	1,453,798
Finance House Securities L.L.C.	**37,134**	37,135
	8,115,932	13,490,933
Investments		
Shareholder		
Finance House P.J.S.C. - Sukuks	**6,950,000**	6,950,000
	6,950,000	6,950,000
Cash and cash equivalents		
Shareholder (Finance House P.J.S.C.)		
Cash at banks – current accounts	**395,056**	434,558
Cash at bank – call account	**12,152,688**	16,757,447
Cash at banks – fixed deposit	**5,000,000**	-
Fellow subsidiaries		
Finance House Securities L.L.C. – Commercial papers	**7,000,000**	7,000,000
Finance House L.L.C.- Cash at banks – current accounts	**119,253**	119,253
	24,666,997	24,311,258

17 Related party balances and transactions (continued)

	31 December 2024	31 December 2023
Tier 1 capital	**AED**	AED
Board member		
Abdulmajeed Al Fahim	**500,000**	500,000
	500,000	500,000

Finance House P.J.S.C. is one of the major shareholders of the Company as of 31 December 2024. FH Capital, Finance House Securities L.L.C. and Finance House L.L.C. are subsidiaries of Finance House P. J. S.C.

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 contained in IFRS.

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

	31 December 2024	31 December 2023
	AED	AED
Finance House P.J.S.C		
Sale of land and building	**-**	34,596,019
Gross premiums written	**5,054,064**	4,122,875
Interest on fixed deposit	**504,539**	185,597
Management fee	**6,000,000**	6,000,000
Interest on Sukuk	**423,203**	423,203
Finance House Securities		
Purchase of shares	**1,512,382**	55,500
Disposal of shares	**2,956,315**	39,628,212
Gross premium written	**529,669**	438,532
Interest on investment in commercial paper	**340,904**	277,687
Finance House L.L.C		
Gross premiums written	**450,074**	366,900
FH Capital		
Service fees	**128,314**	755,796

Notes to the financial statements
For the year ended 31 December 2024

18 Segment information

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

The following summary describes the two main business segments:

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

Primary segment information - business segment

	31 December 2024			31 December 2023		
	AED			AED		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment revenue	**297,661,269**	**1,692,330**	**299,353,599**	242,946,852	3,779,514	246,726,366
Segment result	**(20,850,324)**	**1,692,330**	**(19,157,994)**	(46,379,294)	3,779,514	(42,599,780)
Unallocated income/expense, net			**(533,132)**			625,165
Net loss before tax for the year			**(19,691,126)**			(41,974,615)

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

	31 December 2024			31 December 2023		
	AED			AED		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	(Total
Segment assets	**158,312,518**	**9,685,810**	**167,998,328**	168,327,461	11,108,035	179,435,496
Unallocated assets			**39,345,217**			37,779,645
Total assets			**207,343,545**			217,215,141
Segment liabilities	**206,564,963**	**(275,593)**	**206,289,370**	195,845,468	(6,069)	195,839,399
Equity			**(1,717,157)**			18,844,719
Unallocated liabilities			**2,771,332**			2,531,023
Total liabilities and equity			**207,343,545**			217,215,141

18 Segment information (continued)

b) Secondary segment information – revenue from underwriting departments

The following is an analysis of the Company's revenues classified by major underwriting department:

	31 December 2024 AED	31 December 2023 AED
Non – Marine	**139,695,646**	143,464,248
Medical and personal assurance	**157,335,445**	98,881,399
Marine	**630,178**	601,205
	297,661,269	242,946,852

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

Gross written premium

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

31 December 2024	**Non-Marine**	**Medical and personal assurance**	**Marine insurance**	**All types of business combined**
Direct written premiums	175,009,228	169,018,794	718,352	344,746,374
Assumed business				
Local	1,225,299	-	-	1,225,299
Total assumed business	**1,225,299**	**-**	**-**	**1,225,299**
Gross written premiums	**176,234,527**	**169,018,794**	**718,352**	**345,971,673**

31 December 2023*	**Non-Marine**	**Medical and personal assurance**	**Marine insurance**	**All types of business combined**
Direct written premiums	114,302,201	113,524,047	679,052	228,505,300
Assumed business				
Foreign	223,442	-	-	223,442
Local	1,135,800	-	-	1,135,800
Total assumed business	1,359,242	-	-	1,359,242
Gross written premiums	115,661,443	113,524,047	679,052	229,864,542

*The Company has reclassified the above balances in order to comply with the requirements of CBUAE regulations.

19 Commitments and contingencies

The Company's bankers have issued in the normal course of business letters of guarantee in favor of third parties amounting to AED 6.7 million (31 December 2023: AED 6.7 million).

20 Changes in reinsurance agreements

During the year, the Company discontinued its quota share reinsurance arrangements in motor business, which previously operated on a 70% cession and 30% retention basis. Subsequently, the Company entered into an excess of loss reinsurance agreement, under which losses exceeding AED 400,000 are shared with reinsurer partners as per the terms of the agreement.

21 General

The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.

22 Approval of financial statements

The financial statements were approved and authorized for issue by the Board of Directors on 25 March 2025.

23 Significant events

Heavy rainfall in UAE:

During the first quarter of 2024, UAE witnessed unprecedented heavy rainfall causing widespread disruption across the country which led to a significant increase in insurance claims. As the Company had adequate coverage against such huge losses through various re-insurance arrangements, this event did not cause significant impact on net insurance service results of the Company.

24 Deferred Tax assets

As of 31 December 2024, the Company has tax losses amounting to AED 19,539,561 which resulted in a deferred tax asset of AED 1,758,561. However, in accordance with IAS 12, the Company has not recognized this deferred tax asset due to the lack of reasonable certainty regarding future taxable profits. This amount remains disclosed as an off-balance sheet item and will be reassessed in subsequent periods based on future profitability projection.