Methaq Takaful Insurance P.S.C.

Consolidated financial statements
For the year ended 31 December 2024

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On behalf of the Board of Directors, I am pleased to present to you the consolidated financial statements of Methaq Takaful Insurance P.S.C. (the "Company") and its subsidiary (collectively the "Group") as at 31 December 2024.

The insurance sector in the UAE has faced a challenging year, most notably due to the unprecedented weather conditions experienced during the first half of the year, which had a negative impact on the entire sector.

In response, the Group acted swiftly to adjust the recovery plan that management has been implementing since 2023, with the aim of maintaining targeted performance levels, improving pricing models, and optimizing commission rates to enhance service delivery capabilities.

As a result, the Group achieved outstanding financial performance in 2024 compared to the previous year. Takaful revenues increased by more than 18% to reach AED 458.3 million, compared to AED 387.3 million in the previous year. On the other hand, Takaful service expenses decreased by 28.7% to AED 538.9 million, compared to AED 755.1 million in 2023.

Net losses decreased by approximately 79% to AED 80 million, compared to AED 394.76 million. This progress is the result of the comprehensive restructuring process the Group has been implementing for nearly two years, and we expect further achievements in 2025 by focusing efforts on achieving strong underwriting results and developing the Group's portfolio through diversification of distribution channels and leveraging new products.

In conclusion, the Board of Directors expresses its confidence in the Group's ability to overcome the current situation and achieve outstanding results in the coming years. The Board also extends its sincere thanks and appreciation to all our clients and business partners for their continued trust in the Group. We also thank the management and all employees for their efforts in supporting the Group move forward positively.



Dr. Ibrahim Mohamed Aldabal

Chairman

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Independent Auditor's Report
To the Shareholders of Methaq Takaful Insurance P.S.C.

Report on the Audit of the Consolidated Financial Statements

Adverse opinion

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Adverse Opinion

1. As explained in Note 2.1 to the consolidated financial statements, which indicates that the Group incurred a loss of AED 80,948,355 for the year ended 31 December 2024, and as of that date, the Group has accumulated losses of AED 945,246,795, which represents 630% of the Group's share capital. Additionally, as disclosed in note 26 to these consolidated financial statements, the Group has MCR Solvency Deficit, SCR Solvency Deficit, and MGF Solvency Deficit in solvency capital requirements as stipulated by the Central Bank of the U.A.E. by the amounts of AED 1,070,471,802, AED 1,097,838,539 and AED 1,084,576,694, respectively as at 31 December 2024.

   These events indicate that material uncertainty exists that casts significant doubt on the Group's ability to continue as a going concern. Notwithstanding these facts, the consolidated financial statements of the Group have been prepared on a going-concern basis, as the management believes that the future operations of the Group will be able to support its business and to meet its obligations as they fall due.

   The Group is working under a significant risk of losses and cash flow deficiency in the future and might not be able to meet its financial obligations for the subsequent 12 months if it does not generate sufficient cash flows through the operating activities or return on its investments. Consequently, we were not able to obtain sufficient and appropriate audit evidence to support the Group's ability to continue as a going concern, and therefore, the use of the going concern basis in the preparation of the consolidated financial statements may not be appropriate. Any adjustments that could be required to the consolidated financial statements relating to this matter have not been considered and determined.

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Independent Auditor's Report
To the Shareholders of Methaq Takaful Insurance P.S.C. (continued)

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

Basis for Adverse Opinion (continued)

Additionally, the Group has not complied with the requirements of the Securities and Commodities Authority (SCA) Board of Directors Decision No. (32/R.T) of 2019 which mandates listed companies with accumulated losses more than 50% or more of their share capital to disclose a detailed analysis of the accumulated losses, the reasons that led to these accumulated losses, their date and the actions that will be taken to address them.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities requirements 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 adverse opinion.

Key Audit Matter

Key audit matter is this matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statement of the current year. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Except for the matter described in the *Basis for Adverse Opinion* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Takaful Contract Liabilities, Retakaful Contract Liabilities and Retakaful Contract Assets	
As at 31 December 2024, the Group's Takaful Contract Liabilities, Retakaful contract liabilities and Retakaful contract assets are valued at AED 1,022,625,306, AED 378,478 and AED 150,637,080, respectively. (Refer note 8). Valuation of Takaful contract liabilities, Retakaful contract liabilities and Retakaful contract assets involves significant judgements and estimates particularly with respect to estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims and its related retakaful assets.	We performed the following procedures in conjunction with our actuarial specialists: - Understood, evaluated and tested key controls around claims and contributions administration and valuation of technical takaful reserves; - Evaluated the competence, capabilities and objectivity of the management's actuarial expert based on their professional qualifications and experience and assessed their independence; - Tested the completeness, and on a sample basis, the accuracy and relevance of data used to determine future cashflows;

Independent Auditor's Report
To the Shareholders of Methaq Takaful Insurance P.S.C. (continued)

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

Key Audit Matter (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Takaful Contract Liabilities, Retakaful Contract Liabilities and Retakaful Contract Assets (continued)	
These cash flows primarily include determination of expected contributions receipts, expected ultimate cost of claims and allocation of takaful acquisition cash flows which are within the contract boundaries. The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of discount rates, methodology, assumptions and data used to determine the estimated present value of future cash flows pertaining to liability for remaining coverage (LRC), liability for incurred claims (LIC) and risk adjustment for non-financial risk. As a result of the above factors, we consider valuation of takaful contract liabilities, retakaful contract liabilities and retakaful contract assets as a key audit matter.	- Tested and reconciled key data inputs into the IFRS 17 engine with primary takaful data and reconciled IFRS 17 engine output numbers to the consolidated financial statements and actuarial reports; - Engaged our actuarial specialist to assess the methodology and reasonableness of the key assumptions and judgments used by the management in determining the technical takaful reserves; - Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; - Evaluated and tested the calculation of the allowance for expected credit loss including the data, key assumptions and judgments used; and - Assessed the adequacy and appropriateness of disclosures made in the consolidated financial statements.

Other information

Management and Board of Directors are responsible for the other information contained in the consolidated financial statements which comprise the information included in the Board of Directors' Report but does not include the consolidated financial statements and our auditor's report thereon. We obtained the Directors' report prior to date of our auditor's report. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, because of the matter described in the *Basis for Adverse Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence on the completeness and accuracy of the other information.

Independent Auditor's Report
To the Shareholders of Methaq Takaful Insurance P.S.C. (continued)

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021, UAE Federal Law No. (48) of 2023 regarding the regulation of Insurance activities and Central Bank of the UAE Board of Directors' Decision No. (26) of 2014 pertinent to the Financial Regulations for Takaful Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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Independent Auditor's Report
To the Shareholders of Methaq Takaful Insurance P.S.C. (continued)

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 consolidated financial statements of the current year and are therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Because of the significance of the matter described in the *Basis for Adverse Opinion* section of our report, we are unable to report on other legal and regulatory requirements.

GRANT THORNTON UAE

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

Date: 22 September 2025

Consolidated statement of financial position
As at 31 December 2024

	Notes	31 December 2024 AED	*(Restated)* 31 December 2023 AED	*(Restated)* 1 January 2023 AED
ASSETS				
Takaful operations' assets				
Retakaful contract assets	8	**150,637,080**	171,577,073	101,300,406
Takaful contract assets	8	**-**	-	1,745,485
Prepaid expenses and other assets	9	**493,021**	700,458	6,773,247
Bank term deposits		**50,000**	3,010,000	27,401
Restricted bank balances	5	**4,938,304**	24,508,708	-
Bank balances	5	**6,366,435**	3,900,002	6,979,655
Total takaful operations assets		**162,484,840**	203,696,241	116,826,194
Shareholders' assets				
Property and equipment	11	**1,454,791**	927,030	1,421,390
Investments carried at fair value through other comprehensive income (FVTOCI)		**-**	-	17,000,000
Investment properties	7	**58,950,000**	58,950,000	58,950,000
Investments carried at fair value through profit or loss (FVTPL)	19	**1,741,596**	800,521	666,645
Statutory deposits	6	**6,000,000**	6,000,000	6,000,000
Prepaid expenses and other assets	9	**3,101,839**	2,306,138	1,725,550
Term deposits		**375,568**	375,568	375,568
Bank balances	5	**371,074**	363,425	768,679
Total shareholder's assets		**71,994,868**	69,722,682	86,907,832
Total assets		**234,479,708**	273,418,923	203,734,026
Shareholders' equity, liabilities and participants' fund				
Shareholders' equity				
Share capital	15	**150,000,000**	150,000,000	150,000,000
Legal reserve	16	**5,975,691**	5,975,691	5,975,691
General reserve	17	**3,095,944**	3,095,944	3,095,944
Retakaful default reserve		**380,023**	280,380	153,002
Investment revaluation reserve		**(17,000,000)**	(17,000,000)	-
Accumulated losses		**(945,246,795)**	(864,198,797)	(486,310,606)
Net equity		**(802,795,137)**	(721,846,782)	(327,085,969)
Liabilities				
Takaful operations' liabilities				
Takaful contract liabilities	8	**1,022,625,306**	959,040,033	417,173,145
Retakaful contract liabilities	8	**378,478**	29,098,004	89,878,907
Accrued expenses and other liabilities	12	**4,571,810**	745,801	-
Total takaful operations' liabilities		**1,027,575,594**	988,883,838	507,052,052
Shareholders' liabilities				
Provision for employees' end of service benefits	13	**3,109,695**	2,679,596	3,591,208
Accrued expenses and other liabilities	12	**6,589,556**	3,702,271	20,176,735
Total Shareholder's liabilities		**9,699,251**	6,381,867	23,767,943

Consolidated statement of financial position (continued)
As at 31 December 2024

	Notes	31 December 2024 AED	*(Restated)* 31 December 2023 AED	*(Restated)* 1 January 2023 AED
Policyholders' fund				
Deficit of general participants takaful Fund	14	**(1,196,520,641)**	(972,259,458)	(486,972,808)
Qard Hasan from Shareholders	14	**1,196,520,641**	972,259,458	486,972,808
Total policyholders' fund		**-**	-	-
Total liabilities, policyholders' fund and shareholders' equity		**234,479,708**	273,418,923	203,734,026

These consolidated financial statements were approved by the Board of Directors on 22 September 2025 and signed on their behalf by:

Chief Executive Officer

Chairman of the Board of Directors

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2024

	Notes	2024 AED	*(Restated)* 2023 AED
Attributable to policyholders			
Takaful revenue	8	**458,283,798**	387,326,496
Takaful service expense	8	**(538,970,906)**	(755,183,906)
Takaful service results before retakaful contracts held		**(80,687,108)**	(367,857,410)
Allocation of retakaful contributions	8	**(17,922,637)**	(29,292,825)
Amounts recoverable from retakaful	8	**25,438,086**	22,599,682
Net income/(expenses) from retakaful contracts held		**7,515,449**	(6,693,143)
Takaful service result		**(73,171,659)**	(374,550,553)
Takaful finance income for takaful contracts issued	8	**4,351,537**	18,457,091
Retakaful finance income/(expense) for the retakaful contracts held	8	**920,836**	(2,101,072)
Net takaful loss		**(67,899,286)**	(358,194,534)
Wakala fees	20	**(153,430,352)**	(127,092,116)
Other expense		**(2,931,545)**	-
Deficit for the year attributable to the Participants		**(224,261,183)**	(485,286,650)
Attributable to Shareholders			
Investment income		**1,078,254**	575,920
Net fair value gains on financial assets carried at fair value through profit or loss		**941,074**	133,876
Impairment loss on financial assets		**(310,630)**	(16,140,417)
Wakala fees from policyholders	20	**153,430,352**	127,092,116
Contribution from Qard Hassan to Policyholders' fund		**(224,261,183)**	(485,286,650)
Other operating income		**12,060,324**	17,513,947
Other operating expenses	21	**(23,886,546)**	(21,649,605)
Loss for the year before tax		**(80,948,355)**	(377,760,813)
Income tax expense		-	-
Loss for the year after tax		**(80,948,355)**	(377,760,813)
Other comprehensive loss		**-**	(17,000,000)
Total comprehensive loss for the year		**(80,948,355)**	(394,760,813)
Basic and diluted loss per share	22	**(0.54)**	(2.63)

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

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

	Share capital AED	Legal reserve AED	General reserve AED	Retakaful default reserve AED	Investment fair value reserve AED	Accumulated losses AED	Total AED
Balance at 1 January 2023, as previously stated	150,000,000	5,975,691	3,095,944	-	-	(504,331,762)	(345,260,127)
Transfer to retakaful default reserve	-	-	-	153,002	-	(153,002)	-
Adjustment on initial application of IFRS 17	-	-	-	-	-	18,174,158	18,174,158
Balance at 1 January 2023- *Restated*	150,000,000	5,975,691	3,095,944	153,002	-	(486,310,606)	(327,085,969)
Investment fair value reserve during the year	-	-	-	-	(17,000,000)	-	(17,000,000)
Net loss for the year (*restated*)	-	-	-	-	-	(377,760,813)	(377,760,813)
Transfer to retakaful default reserve	-	-	-	127,378	-	(127,378)	-
Balance as at 31 December 2023 - *Restated*	150,000,000	5,975,691	3,095,944	280,380	(17,000,000)	(864,198,797)	(721,846,782)
Balance at 1 January 2024- *Restated*	150,000,000	5,975,691	3,095,944	280,380	(17,000,000)	(864,198,797)	(721,846,782)
Total comprehensive loss for the year	-	-	-	-	-	(80,948,355)	(80,948,355)
Transfer to retakaful default reserve	-	-	-	99,643	-	(99,643)	-
Balance at 31 December 2024	**150,000,000**	**5,975,691**	**3,095,944**	**380,023**	**(17,000,000)**	**(945,246,795)**	**(802,795,137)**

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

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

	Notes	2024 AED	*Restated* 2023 AED
OPERATING ACTIVITIES			
Loss for the year before tax		**(80,948,355)**	(377,760,813)
Adjustments for:			
Depreciation of property and equipment	11	**540,621**	562,713
Change in fair value of investments at fair value through profit and loss	19	**(941,075)**	(133,876)
Provision for employees' end of service benefits	13	**1,022,887**	758,486
Operating loss before changes in working capital		**(80,325,922)**	(376,573,490)
Working capital changes:			
Change in prepaid expenses and other assets		**(588,264)**	5,492,204
Change in restricted bank balances		**19,570,404**	(24,508,708)
Change in retakaful contract assets		**20,939,993**	(70,276,669)
Change in takaful contract assets		**-**	1,745,485
Change in accrued expenses and other liabilities		**6,713,294**	(15,728,663)
Change in takaful contract liabilities		**63,585,273**	541,866,888
Change in retakaful contract liabilities		**(28,719,526)**	(60,780,903)
Cash generated from operations		**1,175,252**	1,236,144
Employees' end of service benefits paid	13	**(592,788)**	(1,670,099)
Net cash generated from/(used in) operating activities		**582,464**	(433,955)
INVESTING ACTIVITIES			
Purchase of property and equipment	11	**(1,068,382)**	(68,353)
Change in term deposits		**2,960,000**	(2,982,599)
Net cash generated from/(used in) investing activities		**1,891,618**	(3,050,952)
Net increase/(decrease) in cash and cash equivalents		**2,474,082**	(3,484,907)
Cash and cash equivalents at the beginning of the year	5	**4,263,427**	7,748,334
Cash and cash equivalents at the end of the year	5	**6,737,509**	4,263,427

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

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

1 Corporate information

Methaq Takaful Insurance P.S.C. (the "Company") is a public shareholding company registered with the Department of Economic Development - Abu Dhabi - United Arab Emirates. The Company was incorporated in the Emirate of Abu Dhabi on 24 March 2008 with a trade license number 1142419 and is registered in the Insurance Companies Register of the Central Bank of the UAE, under registration number 082.

The Company's principal activities are accidents and civil responsibility insurance, fire insurance, marine and air transportation dangers insurance, reinsurance, health insurance and onshore and offshore oil and gas fields and facilities services.

The Company is governed by the provisions of the Federal Law No. (48) of 2023 concerning the Establishment of the Central Bank of UAE and Organisation of the Insurance Operations.

The Company operates through its head office in Abu Dhabi and branch offices in Dubai and Al Ain. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 32774, Abu Dhabi, United Arab Emirates.

The Company's ordinary shares are listed on Abu Dhabi Securities Exchange. However, the Company's shares are suspended from trading.

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

The Company with its subsidiary are together referred to as (the "Group") in these consolidated financial statements. At 31 December 2024 and 31 December 2023, the Company had the following subsidiary:

Name of subsidiary	**Place of incorporation (or registration) and operation**	**Proportion of ownership profit**	**Proportion of voting power held**	**Principal activity**	**Status**
		%	%		
Tazure Property - L.L.C - O.P.C	United Arab Emirates	100.00	100.00	Real estate purchase, sale and lease and management services	Active

2 General Information

2.1 Fundamental accounting concept

The Group incurred a loss of AED 80,948,355 for the year ended 31 December 2024 and, as of that date, the Group has accumulated losses amounting to AED 945,246,795 which represents 630% of the Group's share capital. Further, as disclosed in note 26 to these consolidated financial statements, the Group has MCR Solvency Deficit, SCR Solvency Deficit and MGF Solvency Deficit in solvency capital requirements as stipulated by the Central Bank of the U.A.E. by an amount of AED 1,070,472 thousand, AED 1,097,839 thousand and AED 1,084,577 thousand, respectively (31 December 2023: AED 1,015,452 thousand, AED 1,031,860 and AED 1,008,160 thousand, respectively). These events and conditions indicate that material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, Notwithstanding this fact, the consolidated financial statements of the Group have been prepared on a going concern basis as the management believes that the future operations of the Group will be able to support its business and to meet its obligations as they fall due. It is worth mentioning that there is insufficient evidence that the primary Shareholders will be able to provide continuous financial support. The Group is working under a significant risk of losses and cash flows in the future. Further, The Group might not be able to meet its financial obligations for the subsequent 12 months if it does not generate sufficient cash flows through the operating activities or return on its investment.

Furthermore, the accumulated losses of the Group as at 31 December 2024 and 31 December 2023 exceeded 50% of the share capital of the Group, and as per UAE Federal Law No. (32) of 2021 article 309, the Board of Directors should invite the general assembly to convene within (30) thirty days from the date of the invitation, in order to consider making a decision as regards the Group's continuation of its activity or dissolution prior to the expiry of its term. The management did not submit its corrective plan to the Central Bank of UAE ("CBUAE") and did not make any corrective plan to reduce its underwriting activities in different lines of business until it concludes on corrective measures, which will be based on technical recommendations suggested by management.

Additionally, the Group has not complied with the requirements of the Securities and Commodities Authority (SCA) Board of Directors Decision No. (32/R.T) of 2019 which mandates listed companies with accumulated losses more than 50% or more of their share capital to disclose a detailed analysis of the accumulated losses, the reasons that led to these accumulated losses, their date and the actions that will be taken to address them.

These conditions indicate the existence of multiple material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In the absence of the Group's ability to achieve management's planned measures, the going concern basis would be invalid and adjustments would have to be made to reduce the values of the assets as presented in the consolidated statement of financial position to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. On 30 March 2023, the Central Bank of the UAE (CBUAE) decided to discharge the Board of Directors of the Group. In its place, a temporary Committee of experts was appointed for an initial six-month term, with the possibility of extending the term. Subsequently, the committee was replaced by a new Board of Directors, which was elected at the Annual General Meeting held on 24 April 2025.

2 General Information (continued)

2.2 Statement of compliance

Except as noted in the *Basis for Adverse Opinion* paragraphs, these consolidated financial statements have been prepared in accordance with IFRS promulgated by the International Accounting Standard Board (IASB) and interpretations thereof issued by the IFRS Interpretations Committee ("IFRS IC") and in compliance with the applicable requirements of the United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. (48) of 2023 concerning Insurance Law issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations.

2.3 Basis of preparation

These consolidated financial statements are prepared on an accrual basis and under the historical cost convention except for:

- Financial assets measured at fair value through profit or loss (FVTPL);
- Financial assets measured at fair value through other comprehensive income (FVOCI); and
- Investment properties.

The Group's consolidated 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, prepaid expenses and other assets, retakaful contract assets, term deposits, investments carried at fair value through profit or loss (FVTPL), trade and other payables and accrued expenses and other liabilities. The following balances would generally be classified as non-current: property and equipment, investment properties, statutory deposit, retakaful contract assets, takaful and retakaful contract liabilities and provision for employees' end of service benefits.

2.4 Functional and reporting currency

The consolidated financial statements are presented in United Arab Emirates Dirham ("AED") being the functional and presentation currency of the Group and all values are rounded to the nearest dirham except where otherwise indicated.

2.5 Basis of presentation

The Group presents its consolidated statement of financial position in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within 12 months after the consolidated statement of financial position date (current) and more than 12 months after the consolidated statement of financial position date (non-current) is presented in note 26.

2 General Information (continued)

2.6 Basis of consolidation

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

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

The consolidated financial statements include the subsidiary mentioned in note 1.

The Company has control over its subsidiary and derives economic benefit from equity holdings. The Company is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities via management agreements and accordingly, the entities are consolidated as wholly owned subsidiaries in these consolidated financial statements. Accordingly, the consolidated financial statements incorporate 100% of the assets, liabilities, income, and expenses of the subsidiary mentioned in note 1.

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

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

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

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

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

When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring its accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full in the consolidated financial statements.

2 General Information (continued)

2.7 Application of new and revised IFRS Accounting Standards (continued)

Standards, amendments and interpretations to existing Standards that are not yet effective

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

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

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

Standards issued but not yet effective

The impact of the new standards, interpretations and amendments that are issued, but not yet effective, up to the date of the issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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

3 Material accounting policy information

The accounting policies, critical accounting judgments and key source of estimation used in the preparation of these consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2023, except for application of new standards and several amendments and interpretations apply for the first time. However, these amendments and interpretations do not have material impact on the consolidated financial statements of the Group, except for the adoption of IFRS 17 "Insurance Contracts" effective from 1 January 2023, the Group has applied IFRS 17 from 1 January 2024. The requirements of IFRS 17 have bought a significant change to the accounting for takaful and retakaful contracts. As a result, the Group has restated certain comparative amounts in opening balances.

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

3.1 IFRS 17 Takaful Contracts

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

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

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Group has restated comparative information applying the transitional provisions to IFRS 17 starting from the date of application of the standard by the Group. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group's takaful contracts. The Group was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of takaful contracts issued and retakaful contracts held by the Group.

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

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

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

3 Material accounting policy information (continued)

3.1 IFRS 17 Insurance Contracts (continued)

Changes to classification and measurement (continued)

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

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

Changes to presentation and disclosure

For presentation in the consolidated statement of financial position, the Group aggregates takaful and retakaful contracts issued, and retakaful contracts held, respectively and presents separately:

- Groups of takaful and retakaful contracts issued that are assets;
- Groups of takaful and retakaful contracts issued that are liabilities;
- Groups of retakaful contracts held that are assets; and
- Groups of retakaful contracts held that are liabilities.

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

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

- Gross contributions written
- Net takaful contributions
- Changes in net unearned contribution reserve and unearned subscription reserve
- Gross takaful claims
- Net takaful claims

Instead, IFRS 17 requires separate presentation of:

- Takaful revenue
- Takaful service expenses
- Takaful finance income or expenses
- Takaful expenses from retakaful contracts held

3 Material accounting policy information (continued)

3.1 IFRS 17 Insurance Contracts (continued)

Changes to presentation and disclosure (continued)

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial information from takaful contracts
- Significant judgements, and changes in those judgements, when applying the standard.

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable.

The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each consolidated financial statement line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statement at 1 January 2023 are presented in the consolidated statement of changes in shareholders' equity.

Takaful and retakaful contracts classification

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

Takaful and retakaful contracts accounting treatment

Separating components from takaful and retakaful contracts

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

Some retakaful 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 takaful component of the retakaful contracts and are, therefore, non-distinct investment components that are not accounted for separately. However, receipts and payments of these investment components are recognised outside of consolidated statement of profit or loss and other comprehensive income.

3 Material accounting policy information (continued)

3.1 IFRS 17 Insurance Contracts (continued)

Level of aggregation

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

The Group has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Group 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 the 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 management that take into consideration existing and new business. The Group 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 Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

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

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

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

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

3 Material accounting policy information (continued)

3.1 IFRS 17 Insurance Contracts (continued)

Recognition

The Group recognises groups of takaful 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 Group recognises a group of retakaful contracts held:
- If the retakaful 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 Group includes in the measurement of a group of takaful contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a takaful contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the contributions, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

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

Both of the following criteria are satisfied:

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

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

3 Material accounting policy information (continued)

3.1 IFRS 17 Insurance Contracts (continued)

Measurement – Premium Allocation Approach

Takaful contracts – initial measurement

The Group applies the premium allocation approach (PAA) to all the takaful contracts that it issues and retakaful contracts that it holds, as the coverage period of each contract in the group is one year or less, including coverage arising from all contribution within the contract boundary.

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

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

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

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as the contributions, if any, received at initial recognition, minus any takaful 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 takaful acquisition cash flows that the Group pays or receives before the group of takaful contracts is recognised. There is no allowance for time value of money as the contributions are mostly received within one year of the coverage period.

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

3 Material accounting policy information (continued)

3.1 IFRS 17 Insurance Contracts (continued)

Takaful contracts – subsequent measurement

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

- Plus contributions received in the period;
- Minus capitalised takaful 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;
- Minus the amount recognised as takaful revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity and include an explicit adjustment for non-financial risk (the risk adjustment). Takaful acquisition cash flows are allocated on a straight-line basis as a portion of contribution to consolidated statement of profit or loss and other comprehensive income (through takaful revenue).

Retakaful contracts

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

Takaful contracts – modification and derecognition

The Group derecognises takaful contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

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

Takaful revenue

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

3 Material accounting policy information (continued)

3.1 IFRS 17 Insurance Contracts (continued)

Takaful revenue (continued)

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.
For the periods presented, all revenue has been recognised on the basis of the passage of time.

Loss components

The Group 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 takaful contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Takaful finance income and expense

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

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

The Group does not disaggregate takaful finance income or expenses between profit or loss and OCI. The impact of all changes are reflected through profit or loss.

Net income or expense from retakaful contracts held

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

Profit from wakala deposits

Profit from wakala deposits is recognized in the consolidated statement of profit or loss and other comprehensive income on an accrual basis using the effective profit rate method and include all contractual fees that are an integral part of the effective profit rate.

Wakala fee

The Group manages the takaful operations on behalf of the participants for a wakala fee, which is calculated as a proportion of gross contributions.

3 Material accounting policy information (continued)

3.2 Surplus / deficit in policyholders' fund

Deficit in the policyholders' fund is financed by the shareholders through a profit free loan "Qard – Hasan". The Group maintains a full provision against such loans.

3.3 Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance ("ECL") is recognized for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when the asset is newly originated.

Financial assets

(i) Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- fair value through profit or loss ("FVTPL");
- fair value through other comprehensive income ("FVOCI"); or
- amortised cost

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:

- the Group's business model for managing the assets; and
- the cash flow characteristics of the asset.

Based on those factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest on the principal amount outstanding ("SPPI"), and that are not designated at FVTPL are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in this note. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

3 Material accounting policy information (continued)

3.3 Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding ("SPPI"), and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit or loss and recognised in "Investment income". Profit income from these financial assets is included in "Investment income" using the effective interest rate method.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in the consolidated statement of profit or loss and presented net within "Investment income – Net" in the period in which it arises. Interest income from these assets is included in "Interest income" using the effective interest rate method.

Business model

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the asset or is to collect the contractual cash flows and cash flows arising from the sale of the assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. At initial recognition of a financial asset, the Group determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting periods, the Group has not identified a change in its business models.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial assets' cash flows represent solely payments of principal and interest on the principal amount outstanding (the "SPPI test"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified at FVTPL. The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

3 Material accounting policy information (continued)

3.3 Financial instruments (continued)

Financial assets (continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares. The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments at FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as "Investment income" when the Group's right to receive payments is established.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, Takaful receivables and due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for Takaful receivables and due from related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

3 Material accounting policy information (continued)

3.3 Financial instruments (continued)

Financial assets (continued)

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities comprise takaful and related payables and other liabilities and are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective profit method, with profit recognized on an effective yield basis, except for short-term liabilities when the recognition of profit would be immaterial.

The effective rate of return is a method of calculating the amortized cost of a financial liability and of allocating the expense over the relevant period. The effective rate of return is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.4 Property and equipment

Property and equipment held for use in the supply of goods or services, or for administrative purposes, are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

After initial recognition, the property and equipment are carried in the consolidated statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. The depreciation charge for each year is recognized in the consolidated statement of profit or loss. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group over the estimated useful lives of the assets.

The useful lives of the assets are estimated as follows:

Furniture, fixtures and office equipment	5 years
Computer equipment and accessories	3 years

3 Material accounting policy information (continued)

3.4 Property and equipment (continued)

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

The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists.

On the subsequent derecognition (sale or retirement) of the property and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the consolidated statement of profit or loss.

3.5 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

3 Material accounting policy information (continued)

Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the profit expense rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit expense and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short- term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.6 Impairment of non-financial assets

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

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

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

3 Material accounting policy information (continued)

3.7 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss in the period in which they arise.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period in which the investment property is derecognised.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes.

Rental income from investment properties which is leased under an operating lease is recognised on a straight-line basis over the term of the lease.

3.8 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3.9 Employee benefits

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

Provision is also made for the full amount of end of service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labor Law, for their period of service up to the end of the reporting period. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority for pension and social security. Such contributions are charged to the consolidated statement of profit or loss during the employees' period of service.

3 Material accounting policy information (continued)

3.10 Fair value measurement

The Group measures financial instruments such as investment in quoted equity instruments at fair value at each balance sheet date. Further, the fair values of financial instruments such as unquoted debt instruments are measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

The management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement, such as asset held for sale. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

3 Material accounting policy information (continued)

3.10 Fair value measurement (continued)

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major input applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.11 Foreign currencies

For the purpose of these consolidated financial statements, the UAE Dirhams (AED) is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in the consolidated statement of profit or loss in the period in which they arise.

3.12 Taxation

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

Current Taxation

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

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

3 Material accounting policy information (continued)

3.12 Taxation (continued)

Deferred Taxation

Deferred tax is accounted for in respect of all temporary differences at the consolidated statement of financial position date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

Deferred tax is charged or credited to the consolidated statement of profit or loss, except in the case of items credited or charged to the consolidated statement of other comprehensive income or equity in which case it is included in the consolidated statement of other comprehensive income or equity.

4 Critical accounting judgments and key sources of estimation uncertainty

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

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

4.1 Significant management judgement in applying accounting policies

Fair value of investment properties

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

The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

4.2 Key sources of estimation uncertainty

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

Liability for incurred claims

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

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

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

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

Discount rates:

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

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

	1 year		3 years		5 years		10 years	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Takaful contracts issued	**6%**	6%	**6%**	6%	**6%**	6%	**6%**	6%
Retakaful contracts issued	**6%**	6%	**6%**	6%	**6%**	6%	**6%**	6%

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

4.2 Key sources of estimation uncertainty (continued)

Risk adjustment for non-financial risk

The following assumptions were used to calculate the risk adjustment:

- The standard errors and correlation matrix by risk classes are taken from CBUAE E-Forms.
- Standard deviations for each portfolio were calculated by multiplying their respective Standard errors with their total claim reserves.
- Portfolio-level standard deviations are combined at the entity level, accounting for correlations between portfolios.
- A lognormal distribution is assumed at the entity level, using total reserves as the mean and the
- entity-level standard deviation to influence the distribution's spread.
- The ssValue at Risk (VaR) at the 75th percentile is calculated based on the lognormal distribution assumption, representing the expected loss at a 80% confidence level.

The resulting risk adjustment amount is distributed among portfolios using a proportional allocation method. Each portfolio receives a share of the risk adjustment amount proportional to its risk level at the 75th percentile based on the lognormal distribution.

5 Cash and bank balances

	2024	2023
	AED	AED
Current accounts	**11,675,813**	28,772,135
Term deposit*	**425,568**	3,385,568
Bank balances	**12,101,381**	32,157,703
Less - term deposits with original maturity of more than three months	**(425,568)**	(3,385,568)
	11,675,813	28,772,135
Less – Restricted bank balances *	**(4,938,304)**	(24,508,708)
Cash and cash equivalents	**6,737,509**	4,263,427
Cash and bank balances		
- Takaful operations assets	**6,366,435**	3,900,002
- Shareholders' assets	**371,074**	363,425
	6,737,509	4,263,427

Term deposits represent deposits held with Islamic financial institutions in the UAE and are denominated in UAE dirhams and carry profit at the prevailing market rates ranging from 3.4% to 4.3% per annum (31 December 2023: 0.62% to 1%).

Restricted cash

Restricted cash comprises a bank's current account held by Dubai Islamic Bank in UAE amounting to AED 4,938,304. The current account is restricted against legal cases, and are therefore, not available for general use by the Group.

6 Statutory deposit

In accordance with the requirement of the UAE Federal Law no. 48 of 2023 concerning insurance companies and agencies, the Group maintains a bank deposit amounting to AED 6,000,000 (31 December 2023: AED 6,000,000) which cannot be utilized without the consent of the Central Bank of the United Arab Emirates.

7 Investment Properties

	31 December 2024	31 December 2023
	AED	AED
At beginning of the year	**58,950,000**	58,950,000
Change in fair value	**-**	-
At end of the year	**58,950,000**	58,950,000

The investment properties of the Group are shown below:

- A building, located in plot No. C29 sector E12, Abu Dhabi UAE and held for long term rental yields, during 2022, the property was registered and held in trust with the name of another related party, but the title deed has been transferred to the Group.

- A land located in Plot No. 36 Sector W18-02, Abu Dhabi, UAE, that is held in the name of a subsidiary for and on behalf of the Group.

The Group relied on valuations performed by external, independent two different property valuers, who have appropriate recognized professional qualifications and experience in the location and category of the property being valued. The valuations were separately performed for the years ended 31 December 2024 and 2023. Management believes that there is no material change in fair values during the year.

The rental income for the year amounted to AED 636,677 (2023: AED 551,891) and expenses for the year ended 31 December 2024 amounted to AED 138,611 (2023: AED 119,355).

The fair value of the investment properties is classified as level 3 in the fair value hierarchy.

8 Takaful and retakaful contracts

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

	31 December 2024			31 December 2023 (Restated)		
	Assets AED	**Liabilities AED**	**Net AED**	Assets AED	Liabilities AED	Net AED
Takaful contracts issued	**-**	**1,022,625,306**	**1,022,625,306**	-	959,040,033	959,040,033
Total takaful contracts issued	**-**	**1,022,625,306**	**1,022,625,306**	-	959,040,033	959,040,033
Retakaful contracts held	**(150,637,080)**	**378,478**	**(150,258,602)**	(171,577,073)	29,098,004	(142,479,069)
Total retakaful contracts held	**(150,637,080)**	**378,478**	**(150,258,602)**	(171,577,073)	29,098,004	(142,479,069)

8 Takaful and retakaful contracts (continued)

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

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

Contracts measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
31 December 2024	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	
	AED	**AED**	**AED**	**AED**	**AED**
Takaful contract liabilities as at 1 January	**117,258,198**	**78,250,321**	**756,640,141**	**6,891,373**	**959,040,033**
Takaful contract assets as at 1 January	**-**	**-**	**-**	**-**	**-**
Net Takaful contract liabilities as at 1 January (restated)	**117,258,198**	**78,250,321**	**756,640,141**	**6,891,373**	**959,040,033**
Takaful revenue	**(458,283,798)**	**-**	**-**	**-**	**(458,283,798)**
Takaful service expenses	**103,797,121**	**20,487,915**	**417,979,726**	**(3,293,856)**	**538,970,906**
Incurred claims and other expenses	**109,477,217**	**71,724,712**	**477,385,391**	**3,597,517**	**662,184,837**
Losses on onerous contracts and reversals	**-**	**(51,236,797)**	**-**	**-**	**(51,236,797)**
Changes to liabilities for incurred claims	**(5,680,096)**	**-**	**(59,405,665)**	**(6,891,373)**	**(71,977,134)**
Takaful service result	**(354,486,677)**	**20,487,915**	**417,979,726**	**(3,293,856)**	**80,687,108**
Takaful finance income	**-**	**-**	**(4,351,537)**	**-**	**(4,351,537)**
Total changes in the consolidated statement of comprehensive income	**(354,486,677)**	**20,487,915**	**413,628,189**	**(3,293,856)**	**76,335,571**
Cash flows					
Contributions received	**571,171,008**	**-**	**-**	**-**	**571,171,008**
Claims and other expenses paid	**(116,683,146)**	**-**	**(467,238,160)**	**-**	**(583,921,306)**
Total cash flows	**454,487,862**	**-**	**(467,238,160)**	**-**	**(12,750,298)**
Net Takaful contract liabilities as at 31 December					
Takaful contract liabilities as at 31 December	**217,259,383**	**98,738,236**	**703,030,170**	**3,597,517**	**1,022,625,306**
Takaful contract assets as at 31 December	**-**	**-**	**-**	**-**	**-**
Net Takaful contract liabilities as at 31 December	**217,259,383**	**98,738,236**	**703,030,170**	**3,597,517**	**1,022,625,306**

8 Takaful and retakaful contracts (continued)

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

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

Contracts measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
31 December 2023 (Restated)	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	AED	AED	AED	AED	AED
Takaful contract liabilities as at 1 January	-	11,248,013	402,383,229	3,541,903	417,173,145
Takaful contract assets as at 1 January	(1,745,485)	-	-	-	(1,745,485)
Net Takaful contract liabilities as at 1 January	(1,745,485)	11,248,013	402,383,229	3,541,903	415,427,660
Takaful revenue	(387,326,496)	-	-	-	(387,326,496)
Takaful service expenses	58,669,234	67,002,308	626,162,894	3,349,470	755,183,906
Incurred claims and other expenses	53,331,124	-	-	-	53,331,124
Losses on onerous contracts and reversals	-	83,177,790	208,838,486	(3,541,903)	288,474,373
Changes to liabilities for incurred claims	5,338,110	(16,175,482)	417,324,408	6,891,373	413,378,409
Takaful service result	(328,657,262)	67,002,308	626,162,894	3,349,470	367,857,410
Takaful finance income	-	-	(18,457,091)	-	(18,457,091)
Total changes in the consolidated statement of comprehensive income	(328,657,262)	67,002,308	607,705,803	3,349,470	349,400,319
Cash flows					
Contributions received	510,765,943	-	(253,448,891)	-	257,317,052
Claims and other expenses paid	(63,104,998)	-	-	-	(63,104,998)
Total cash flows	447,660,945	-	(253,448,891)	-	194,212,054
Net Takaful contract liabilities as at 31 December					
Takaful contract liabilities as at 31 December	117,258,198	78,250,321	756,640,141	6,891,373	959,040,033
Takaful contract assets as at 31 December	-	-	-	-	-
Net Takaful contract liabilities as at 31 December	117,258,198	78,250,321	756,640,141	6,891,373	959,040,033

8 Takaful and retakaful contracts (continued)

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

Contracts measured under the PAA

31 December 2024	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	AED	AED	AED	AED	AED
Retakaful contract assets as at 1 January	130,804,041	37,530,174	3,242,858	-	171,577,073
Retakaful contract liabilities as at 1 January	-	(27,638,332)	-	(1,459,672)	(29,098,004)
Net Retakaful contract assets as at 1 January	130,804,041	9,891,842	3,242,858	(1,459,672)	142,479,069
Allocation of Retakaful contributions	(17,922,637)	-	-	-	(17,922,637)
Amounts recoverable from Retakaful for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	10,381,810	25,095,907	-	35,477,717
Changes to amounts recoverable for incurred claims	-	(7,829,655)	(3,291,170)	1,081,194	(10,039,631)
Net (expense)/income or from Retakaful **contracts held**	(17,922,637)	2,552,155	21,804,737	1,081,194	7,515,449
Retakaful finance income	-	-	920,836	-	920,836
Total changes in the consolidated statement of comprehensive income	(17,922,637)	2,552,155	22,725,573	1,081,194	8,436,285
Cash flows					
Contributions paid	24,668,539	-	-	-	24,668,539
Actual acquisition costs received	(74,648,457)	-	-	-	(74,648,457)
Amounts received	-	-	49,323,166	-	49,323,166
Total cash flows	(49,979,918)	-	49,323,166	-	(656,752)
Net Retakaful contract assets as at 31 December					
Retakaful contract assets as at 31 December	62,901,486	12,443,997	75,291,597	-	150,637,080
Retakaful contract liabilities as at 31 December	-	-	-	(378,478)	(378,478)
Net Retakaful **contract assets as at 31 December**	62,901,486	12,443,997	75,291,597	(378,478)	150,258,602

8 Takaful and retakaful contracts (continued)

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

Contracts measured under the PAA

31 December 2023 (Restated)	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED
Retakaful contract assets as at 1 January	92,792,558	8,507,848	-	-	101,300,406
Retakaful contract liabilities as at 1 January	-	-	(89,735,541)	(143,366)	(89,878,907)
Net Retakaful contract assets as at 1 January	92,792,558	8,507,848	(89,735,541)	(143,366)	11,421,499
Allocation of Retakaful contributions	(29,292,825)	-	-	-	(29,292,825)
Amounts recoverable from Retakaful for incurred claims					
Amounts recoverable for incurred claims and other expenses	-	(27,638,332)	32,039,931	(175,113)	4,226,486
Changes to amounts recoverable for incurred claims	-	29,022,326	(9,507,937)	(1,141,193)	18,373,196
Net (expense)/income or from Retakaful contracts held	(29,292,825)	1,383,994	22,531,994	(1,316,306)	(6,693,143)
Retakaful finance income	-	-	(2,101,072)	-	(2,101,072)
Total changes in the consolidated statement of comprehensive income	(29,292,825)	1,383,994	20,430,922	(1,316,306)	(8,794,215)
Cash flows					
Contributions paid	101,664,751	-	-	-	101,664,751
Actual acquisition costs received	(34,360,443)	-	-	-	(34,360,443)
Amounts received	-	-	72,547,477	-	72,547,477
Total cash flows	67,304,308	-	72,547,477	-	139,851,785
Net Retakaful contract assets as at 31 December					
Retakaful contract assets as at 31 December	130,804,041	37,530,174	3,242,858	-	171,577,073
Retakaful contract liabilities as at 31December	-	(27,638,332)	-	(1,459,672)	(29,098,004)
Net Retakaful contract assets as at 31 December	130,804,041	9,891,842	3,242,858	(1,459,672)	142,479,069

9 Prepaid expenses and other assets

	2024 AED	*Restated* 2023 AED
Refundable deposits	**1,558,133**	1,531,138
Prepaid expenses	**1,279,925**	991,473
Other receivables and advances to suppliers	**756,802**	483,985
	3,594,860	3,006,596

	2024 AED	2023 AED
Takaful operations assets	**493,021**	700,458
Shareholders' assets	**3,101,839**	2,306,138
Total	**3,594,860**	3,006,596

10 Related party transaction and balances

Identity of related parties

Related parties comprise major shareholders, associated companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties.

	2024 AED	2023 AED
Due from related parties		
Emirates Aqua Technologies Caviar Factory L.L.C	**2,340,533**	2,340,533
Bin Salem Company L.L.C.	**4,659,682**	4,659,682
	7,000,215	7,000,215
Less: Provision for impairment of related parties balances	**(7,000,215)**	(7,000,215)
	-	-

11 Property and equipment

	Furniture, fixtures, and office supplies AED	Computer equipment AED	Total AED
Cost:			
At 1 January 2023	8,016,585	4,751,653	12,768,238
Additions during the year	54,178	14,175	68,353
At 31 December 2023	8,070,763	4,765,828	12,836,591
Additions during the year	885,577	182,805	1,068,382
31 December 2024	**8,956,340**	**4,948,633**	**13,904,973**
Accumulated depreciation:			
At 1 January 2023	6,696,810	4,650,038	11,346,848
Charges for the year	466,880	95,833	562,713
At 31 December 2023	7,163,690	4,745,871	11,909,561
Charges for the year	474,565	66,056	540,621
31 December 2024	**7,638,255**	**4,811,927**	**12,450,182**
Carrying amount:			
At 31 December 2024	**1,318,085**	**136,706**	**1,454,791**
At 31 December 2023	907,073	19,957	927,030

12 Accrued expenses and other liabilities

	2024 AED	*Restated* 2023 AED
CBUAE supervision fee payable	**3,094,746**	2,609,091
Accrued expenses	**3,494,810**	641,431
Other payable	**4,571,810**	1,197,550
At 31 December	**11,161,366**	4,448,072

	2024 AED	*Restated* 2023 AED
Takaful operations liabilities	**4,571,810**	745,801
Shareholders' liabilities	**6,589,556**	3,702,271
Total	**11,161,366**	4,448,072

13 Provision for employees' end of service benefits

	2024	2023
	AED	AED
At 1 January	**2,679,596**	3,591,209
Charge for the year	**1,022,887**	758,486
Paid during the year	**(592,788)**	(1,670,099)
At 31 December	**3,109,695**	2,679,596

14 Policyholders' fund

	31 December 2024	*(Restated)** 31 December 2023
	AED	AED
Policyholders' fund		
At 1 January	**972,259,458**	486,972,808
Deficit for the year	**224,261,183**	485,286,650
As at 31 December	**1,196,520,641**	972,259,458
Qard Hassan from the shareholders to policyholders		
At 1 January	**972,259,458**	486,972,808
Net movement during the year	**224,261,183**	485,286,650
Total	**1,196,520,641**	972,259,458
Allowance for Qard Hassan to policyholders	**(1,196,520,641)**	(972,259,458)
As at 31 December	**-**	-

The deficit in the policyholders' fund is financed by the shareholders through a Qard Hassan. The shareholders have funded the deficit in the policyholders' fund in accordance with the Group's policy through a Qard Hassan (free of finance charge) of AED 1,196,520,641 as of 31 December 2024 (31 December 2023: AED 972,259,458- restated) with no repayment terms. During the year, Qard Hassan with a nominal value of AED 224,261,183 (31 December 2023: AED 485,286,650 - restated) was provided and the same amount was recognised to the consolidated statement of profit or loss attributable to shareholders.

Although recoverability of the remaining Qard Hassan balance is uncertain, management expects to recover it from future profits from takaful operations

15 Share capital

	31 December 2024	31 December 2023
	AED	AED
Issued and fully paid:		
Ordinary shares of AED 1 each (2023: ordinary shares of AED 1 each)	**150,000,000**	150,000,000

16 Legal reserve

In accordance with the provisions of the UAE Federal Law No. (32) of 2021 and the Group's Articles of Association, the Group is required to transfer annually to a legal reserve an amount equivalent to 10% of its net profit, until such reserve reaches 50% of the paid-up capital of the Group. No transfer was made during the year due to the losses incurred by the Group.

17 General reserve

In accordance with the Company's Articles of Association, 10% of the Group's net profit for the year is to be transferred to a general reserve. No transfer was made during the year.

18 Retakaful default reserve

In accordance with Article (34) to Insurance Authority's Board of Directors Decision No (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of the United Arab Emirates ("CBUAE") shall bind in the preparation of its annual consolidated financial statements and its final accounts to allocate an amount equal to 0.5% (Five per thousand) of the total retakaful contributions ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Group deals to pay what is due to the Group or default in its consolidated financial position. The provision shall be accounted year after year based on the retakaful contribution ceded and many 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 1 December 2020.

19 Investments designated at fair value through profit or loss (FVTPL)

	31 December 2024 AED	31 December 2023 AED
Unquoted UAE equity securities	**-**	480,852
Quoted UAE equity securities	**1,741,596**	319,669
	1,741,596	800,521

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

	31 December 2024 AED	31 December 2023 AED
Fair value at beginning of the year	**800,521**	666,645
Change in fair value	**941,075**	133,876
Fair value at end of the year	**1,741,596**	800,521

20 Wakala fees from policyholders

a) Wakala fees: the shareholders manage the takaful operations for the policy holders and charge the following range of percentages of gross takaful contributions as Wakala fees:

	31 December 2024	31 December 2023
Motor	**30%**	30%
Medical	**15%**	15%
All other takaful classes	**30%**	30%

b) Mudarib's share: the shareholders manage the policyholders' investment fund and charge 10% (2023: 10%) of investment income earned by policyholders' investment fund as Mudareb share, Investment income earned by policyholders' investment fund as well as Mudareb share amounted to nil (2023: nil).

21 Other operating expenses

	31 December 2024 AED	*Restated* 31 December 2023 AED
Professional expenses	**6,487,300**	5,823,154
Staff costs	**6,364,774**	6,413,381
Office maintenance	**3,519,856**	3,308,723
Legal & consultancy fees	**3,451,744**	2,277,973
Other expenses	**4,062,872**	3,826,374
Total	**23,886,546**	21,649,605

22 Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss for the year by the weighted average number of shares outstanding during the year as follows:

	31 December 2024	*Restated* 31 December 2023
Loss for the year (AED)	**(80,948,355)**	(377,760,813)
Ordinary shares in issue throughout the year	**150,000,000**	150,000,000
Basic and diluted loss per share (AED)	**(0.54)**	(2.63)

The Group has not issued any instruments which would have a dilutive impact on impact on losses or earnings per share when converted or exercised.

23 Segmental information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

For operating purposes, the Group is organized into two business segments:

Underwriting of general takaful business - incorporating all classes of general takaful, fire, marine, motor, general accident and medical.

Investments - incorporating investments in UAE marketable equity securities, term deposits with banks, overseas managed portfolios and other securities.

23 Segmental information (continued)

Primary segment information - business segment

The following is an analysis of the Group's revenue and results by operating segment:

	31 December 2024			31 December 2023 (Restated)		
	Policyholders AED	**Shareholders AED**	**Total AED**	Policyholders AED	Shareholders AED	Total AED
Takaful revenue	**458,283,798**	**-**	**458,283,798**	387,326,496	-	387,326,496
Takaful service expense	**(538,970,906)**	**-**	**(538,970,906)**	(755,183,906)	-	(755,183,906)
Allocation of retakaful contributions	**(17,922,637)**	**-**	**(17,922,637)**	(29,292,825)	-	(29,292,825)
Amounts recoverable from retakaful	**25,438,086**	**-**	**25,438,086**	22,599,682	-	22,599,682
Takaful finance income for takaful contracts issued	**4,351,537**	**-**	**4,351,537**	18,457,091	-	18,457,091
Retakaful finance income/(expense) for the retakaful contracts held	**920,836**	**-**	**920,836**	(2,101,072)	-	(2,101,072)
Wakala fees	**(153,430,352)**	**153,430,352**	**-**	(127,092,116)	127,092,116	-
Other expenses	**(2,931,545)**	**-**	**(2,931,545)**	-	-	-
Deficit for the year attributable to the Participants	**(224,261,183)**	**153,430,352**	**(70,830,831)**	(485,286,650)	127,092,116	(358,194,534)
Shareholders' investment and other income, net	**-**	**1,078,254**	**1,078,254**	-	575,920	575,920
Impairment losses on financial assets	**-**	**(310,630)**	**(310,630)**	-	(16,140,417)	(16,140,417)
Change in fair value of investments carried at fair value through profit or loss (FVTPL)	**-**	**941,074**	**941,074**	-	133,876	133,876
Other income	**-**	**12,060,324**	**12,060,324**	-	17,513,947	17,513,947
Other operating expenses	**-**	**(23,886,546)**	**(23,886,546)**	-	(21,649,605)	(21,649,605)
(Loss)/profit for the year	**(224,261,183)**	**143,312,828**	**(80,948,355)**	(485,286,650)	107,525,837	(377,760,813)

23 Segmental information (continued)

The revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the year.

The accounting policies of the reportable segments are the same as the Group's accounting policies used in the previous years, except for adoption of new and amended standards.

The following is analysis of the Group's assets and liabilities by operating segment:

	31 December 2024			31 December 2023 (Restated)		
	Policyholders	**Shareholders**	**Total**	Policyholders	Shareholders	Total
	AED	**AED**	**AED**	AED	AED	AED
Total assets	**162,484,840**	**71,994,868**	**234,479,708**	203,696,241	69,722,682	273,418,923
Total liabilities	**1,027,575,594**	**9,699,251**	**1,037,274,845**	988,883,838	6,381,867	995,265,705

23 Segmental information (continued)

The following is an analysis of the Group's Gross Written Contributions classified by portfolios of takaful contracts.

	31 December 2024 AED	31 December 2023 AED
Motor	**503,193,067**	400,140,477
Medical	**13,381,105**	43,437,701
Liability	**959,568**	1,030,539
Fire	**387,470**	415,675
Engineering	**146,266**	72,147
Marine	**57,582**	69,865
	518,125,058	445,166,404

24 Contingent liabilities

	2024 AED	2023 AED
Letters of guarantee	**6,310,000**	9,310,000

25 Takaful risk management

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

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

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

The Group manages risks through its underwriting strategy, adequate retakaful 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.

25 Takaful risk management (continued)

Frequency and severity of claims

The Group has the right not to renew individual policies, re-price the risk, it can impose deductibles, and it has the right to reject the payment of a fraudulent claim. Takaful contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation).

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

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

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

	As at 31 December 2024		
	Gross	**Retakaful**	**Net**
	AED	**AED**	**AED**
Medical	**48,071,122**	**30,955,861**	**17,115,261**
Motor and General	**960,901,970**	**113,271,297**	**847,630,673**
	1,008,973,092	**144,227,158**	**864,745,934**

	As at 31 December 2023 (Restated)		
	Gross	Retakaful	Net
	AED	AED	AED
Medical	72,277,866	24,275,174	48,002,692
Motor and General	873,680,084	114,411,750	759,268,334
	945,957,950	138,686,924	807,271,026

25 Takaful risk management (continued)

Sources of uncertainty in the estimation of future claim payments

Claims on takaful contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some takaful contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

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

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

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

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

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

Process used to decide on assumptions

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

25 Takaful risk management (continued)

Process used to decide on assumptions (continued)

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

Concentration of takaful risk

Substantially all of the Group's underwriting activities are carried out in the United Arab Emirates.

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

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. In determining the recoverability of a takaful receivable, the Group considers any change in the credit quality of the takaful receivable from the date credit was initially granted up to the reporting date.

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

26 Financial risk management

The Group's financial assets comprise of investments, takaful and retakaful receivables, bank deposits, cash in hand and at bank and certain other receivables. Financial liabilities of the Group comprise of liability against gross claims outstanding, retakaful, trade and certain other payables.

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, equity price risk and profit rate risk).

Credit risk management

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

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

26 Financial risk management (continued)

Credit risk management (continued)

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

The Group maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information includes details of provisions for impairment on takaful receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Group.

For receivables the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

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

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

Liquidity risk management

Liquidity risk is the risk that Group will not be able to meet its commitments associated with takaful contracts and financial liabilities as they fall due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. Due to the dynamic nature of the underlying business, the Group's treasury maintains flexibility in funding by maintaining sufficient liquidity reserves comprising, deposits placed with banks and cash in hand and at bank (note 5) on the basis of expected future cash flows.

The contractual maturities of liabilities are determined on the basis of the remaining period from the consolidated statement of financial position date to the contractual maturity date. The undiscounted values on contractual maturities of financial liabilities approximate their carrying values on the consolidated statement of financial position at 31 December 2024.

26 Financial risk management (continued)

Liquidity risk management (continued)

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

	Current Up to 1 year	**Non- current >1 year**	**Total Total**
	AED	**AED**	**AED**
31 December 2024			
Takaful contract liabilities	**1,022,625,306**	**-**	**1,022,625,306**
Retakaful contract liabilities	**378,478**	**-**	**378,478**
Provision for employees' end of service benefits	**-**	**3,109,695**	**3,109,695**
Accrued expenses and other liabilities	**11,161,366**	**-**	**11,161,366**
Total	**1,034,165,150**	**3,109,695**	**1,037,274,845**

	Current Up to 1 year	Non- current >1 year	Total Total
	AED	AED	AED
31 December 2023 (Restated)			
Takaful contract liabilities	959,040,033	-	959,040,033
Retakaful contract liabilities	29,098,004	-	29,098,004
Provision for employees' end of service benefits	-	2,679,596	2,679,596
Accrued expenses and other liabilities	4,448,072	-	4,448,072
Total	992,586,109	2,679,596	995,265,705

Market risk

Market risk arises from fluctuations in currency rates, equity prices and profit rates. The management monitors the market risk on an ongoing basis and on any significant transaction. Market risk is further analyzed into currency risk, equity price risk and profit rate risk.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has limited transactional exposure to exchange rate risk as it generally enters into contracts in UAE Dirham, being the functional currency of the Group.

26 Financial risk management (continued)

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect the finance income or finance cost of the Group. The Group is exposed to profit rate risk on its deposits that carry fixed interest rates.

The Group generally tries to minimise the profit rate risk by closely monitoring the market profit rates and investing in those financial assets in which such risk is expected to be minimal.

The Group is exposed to profit rate risk on:

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

If at the end of the reporting period, the profit rates on the bank borrowings had been 100 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would have decreased / increased.

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

31 December 2024

	Impact on profit gross of retakaful AED	Impact on profit net of retakaful AED	Impact on equity gross of retakaful AED	Impact on equity net of retakaful AED
Risk Adjustment				
1% increase	**(7,098,824)**	**(7,851,743)**	**(7,098,824)**	**(7,851,743)**
1% decrease	**7,098,824**	**7,851,743**	**7,098,824**	**7,851,743**
Discounting				
1% increase	**(7,451,595)**	**(6,640,914)**	**(7,451,595)**	**(6,640,914)**
1% decrease	**7,451,595**	**6,640,914**	**7,451,595**	**6,640,914**

26 Financial risk management (continued)

Profit rate risk (continued)

31 December 2023

	Impact on profit gross of retakaful AED	Impact on profit net of retakaful AED	Impact on equity gross of retakaful AED	Impact on equity net of retakaful AED
Risk Adjustment				
1% increase	(4,477,972)	(5,260,365)	(4,477,972)	(5,260,365)
1% decrease	4,477,972	5,260,365	4,477,972	5,260,365
Discounting				
1% increase	(7,458,446)	(6,529,224)	(7,458,446)	(6,529,224)
1% decrease	7,458,446	6,529,224	7,458,446	6,529,224

Profit rate sensitivity analysis

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

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

Capital risk management

The Group's objectives when managing capital are:

- To comply with the insurance capital requirements required by UAE Federal Law no. 48 of 2023 (previously UAE Federal Law no. 6 of 2007) concerning insurance companies and agencies.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

As per Article (8) of Section 2 of the Financial Regulations, the Group is required, at all times, to comply with the requirements of Solvency Margin. The solvency position of the Group as of 31 December 2024 and 31 December 2023 is presented below:

26 Financial risk management (continued)

Capital risk management (continued)

	31 December 2024 AED'000	*Restated* 31 December 2023 AED'000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**127,367**	116,407
Minimum Guarantee Fund (MGF)	**114,105**	92,708
Basic Own Funds	**(970,472)**	(915,452)
MCR Solvency Deficit	**(1,070,472)**	(1,015,452)
SCR Solvency Deficit	**(1,097,839)**	(1,031,860)
MGF Solvency Deficit	**(1,084,577)**	(1,008,160)

(a) The Central Bank of UAE has issued resolution no. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing takaful firm and AED 250 million for re-takaful firm. The resolution also stipulates that at least 75 percent of the capital of the takaful companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Group is complying with the above requirements. Moreover, the shareholders have committed to provide the Group with continuing financial support to enable it to meet its financial obligations as and when they fall due.

Operational risk

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

27 Litigations

Individual customers and brokers filed claims against the Group amounting to AED 229,994,281 as of 31 December 2024 (31 December 2023: AED 183,738,919) and cases are under execution.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2024

28 Gross written contributions

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

31 December 2024	**Motor Takaful**	**Medical Takaful**	**Other Takaful Class**	**All types of business combined**
	AED	**AED**	**AED**	**AED**
Direct written contributions	**503,193,067**	**13,381,105**	**1,550,886**	**518,125,058**
Assumed business				
Foreign	**-**	**-**	**-**	**-**
Local	**-**	**-**	**-**	**-**
Total assumed business	**503,193,067**	**13,381,105**	**1,550,886**	**518,125,058**
Gross written contributions	**503,193,067**	**13,381,105**	**1,550,886**	**518,125,058**

31 December 2023	Motor insurance	Medical insurance	Other Insurance class	All types of business combined
	AED	AED	AED	AED
Direct written contributions	400,140,477	43,437,701	1,780,685	445,358,863
Assumed business				
Foreign	-	-	-	-
Local	-	-	-	-
Total assumed business	400,140,477	43,437,701	1,780,685	445,358,863
Gross written contributions	400,140,477	43,437,701	1,780,685	445,358,863

29 Corporate tax

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

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

The management has not conducted a tax assessment to determine the impact on the current year income tax or deferred tax.

30 Subsequent events

During the first quarter of 2025, the Group has successfully increased its share capital to AED 466,674,434 through a rights issue. The major shareholders have been updated and disclosed on the Abu Dhabi Securities Exchange (ADX) website.

31 Approval of the consolidated financial statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 22 September 2025.