SUKOON TAKAFUL P.J.S.C
(FORMERLY "ARABIAN SCANDINAVIAN INSURANCE COMPANY (PLC) - TAKAFUL - ASCANA INSURANCE")

Report of the Board of Directors, independent auditor's report and financial statements for the year ended 31 December 2024

REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

Dear Shareholders,

We have the pleasure in presenting you the financial results of Sukoon Takaful PJSC (*formerly Arabian Scandinavian Insurance Company (PLC) - Takaful - Ascana Insurance)* (the "Company") for the financial period ended 31 December 2024.

I am pleased to share with you the remarkable progress and positive results our company has achieved over the past year. Through the diligent efforts of our team and the implementation of strategic actions, we are delighted to inform you that Sukoon Takaful has reported a **Net profit before tax attributable to shareholders** reaching **AED 20.85 million** for the period ended 31 December 2024 against a net loss of AED 76.53 million in the same period last year.

This turnaround is a testament to the effectiveness of our strategic initiatives and the unwavering commitment of our team.

- Underwriting Excellence: We have implemented rigorous underwriting standards and enhanced our risk assessment processes. This has led to a more selective and profitable underwriting portfolio, reducing our exposure to high-risk policies.
- Pricing Optimization: Our pricing strategies have been refined to better reflect the risk profiles. By leveraging advanced analytics and market insights, we have achieved more accurate pricing, ensuring competitiveness while maintaining profitability.
- Operational Efficiency: We have streamlined our operations, reducing costs and improving efficiency across the board. This has allowed us to allocate resources more effectively and enhance our service delivery to policyholders.
- Investment Portfolio: In addition to our operational improvements, we have significantly revamped our investment portfolio. We have strategically reinvested to ensure a balance portfolio. This shift further strengthened our overall financial stability and strong solvency position.

As we move forward in 2025, we remain committed to sustaining this positive momentum. Our focus will continue to be on prudent risk management, new product offerings, and maintaining a strong financial foundation. We are confident that these efforts will drive long-term value for our shareholders and ensure the continued success of our company.

Total Assets of the company stood at AED 429.77 million as at 31 December 2024

Total shareholders' equity of the company stood at AED 194.8 million as at 31 December 2024

We appreciate the support of our stakeholders and would like to express our gratitude as we continue our transformative journey to supplant Sukoon Takaful firmly as a reference in the region in the takaful space.

We would also like to thank our management and employees of the Company for their sincere and dedicated contribution in this journey of returning the company to sustainable profitability.

May God; the Almighty; guide our steps.

On behalf of the Board,

Saood Abdulaziz Al Ghurair
Chairman
28 January 2025

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUKOON TAKAFUL P.J.S.C

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sukoon Takaful P.J.S.C (formerly "Arabian Scandinavian Insurance Company PLC - Takaful - ASCANA Insurance") (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUKOON TAKAFUL P.J.S.C (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
Valuation of takaful contract liabilities and re-takaful contract assets / liabilities	
As at 31 December 2024, the Company has takaful and retakaful contract liabilities and retakaful contract assets amounting to AED 182,022 thousand, AED 239 thousand, AED 51,920 thousand respectively (note 7). The Company applies the Premium Allocation Approach (PAA) to value its takaful contracts and this involves significant judgments in assessing the eligibility of the contracts to use PAA, estimating future cash flows, and determining the liability for the remaining coverage. Actuarial assumptions and models are essential to these valuations and the presence of estimation uncertainty involved in these assumptions can result in a high probability of material misstatement. The valuation of takaful contract liabilities, as well as retakaful contract assets and liabilities, is considered a key audit matter due to its significance to the financial statements as a whole.	The work that we performed to address this key audit matter, included the following procedures; • We obtained an understanding of the Company's process for determining the key actuarial assumptions; • We assessed the competence, capability and objectivity of the management's appointed external actuary; • We evaluated the data used in actuarial calculations by substantiating it to source documentation; • We tested on a sample basis key inputs which includes contribution received, claims paid and commission income by comparing them to appropriate documentation, such as policy documents, reports from loss adjusters, re-takaful contracts etc; • We involved our actuarial specialists to review the methodology, assumptions and other key inputs and to test a sample of the actuarial balances; • We evaluated the calculations, methodology and the underlying assumptions used in loss component assessment and risk adjustment; and • We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
As at 31 December 2024, the Company had investment properties carried at AED 75,540 thousand (note 12) under the fair value model which accounted for 18% of the total assets of the Company and a fair value gain of AED 8,030 thousand was recorded during the year based on the fair valuation performed by independent external valuers. The valuation of the investment properties was significant to our audit due to the use of estimates in the valuation techniques and valuation is highly judgemental and is based on certain key assumptions i.e. capitalization rates, market rents and occupancy etc.	The work that we performed to address this key audit matter, included the following procedures; • We obtained from the management the fair valuation report performed by external valuers; • We evaluated the qualifications, competence and objectivity of the external valuers; • On a sample basis, we tested the underlying data used for the calculation of the fair values by comparing to supporting lease agreements; • We involved our valuation specialist to evaluate the methodology and assumptions used; and • We evaluated the key assumptions used in the fair valuation, specifically the capitalization rate, rental rates and occupancy. Compared these assumptions to externally derived data (where applicable) as well as forming our own assessment. • We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS.

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF SUKOON TAKAFUL P.J.S.C (continued)

Report on the Audit of the Financial Statements (continued)

Other Matter

The financial statements of the Company for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 January 2024.

Other Information

Other information consists of the information included in the Director’s Report, other than the financial statements and our auditor’s report thereon. Management is responsible for the other information.

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

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUKOON TAKAFUL P.J.S.C (continued)

Report on the Audit of the Financial Statements (continued)

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUKOON TAKAFUL P.J.S.C (continued)

Report on other Legal and Regulatory Requirements

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

i) the Company has maintained proper books of account;

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

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

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2024, if any, are disclosed in note 5 to the financial statements;

vi) note 9 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2024, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021or of its Articles/Memorandum of Association which would have a material impact on its activities or its financial position as at 31 December 2024; and

viii) note 25 reflects the social contributions made during the year, if any.

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

For Ernst & Young

Ashraf Abu-Sharkh
Registration No: 690

28 January 2025

Dubai, United Arab Emirates

STATEMENT OF FINANCIAL POSITION

	Notes	***At 31 December 2024 AED'000***	*At 31 December 2023 AED'000*
ASSETS			
Participants' assets			
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	**1,654**	1,625
Financial assets at amortized cost	5	**16,795**	-
Retakaful contract assets	7	**51,920**	17,166
Prepayments and other receivables	8	**2,498**	1,318
Due from shareholders	11	**29,638**	30,755
Bank balances and cash	6	**90,426**	107,717
Total participants' assets		**192,931**	158,581
Shareholders' assets			
Financial assets at fair value through other comprehensive income ("FVTOCI")	5	**17,595**	28,614
Financial assets at amortized cost	5	**66,376**	-
Investments at fair value through profit or loss ("FVTPL")	5	**545**	557
Investment properties	12	**75,540**	67,510
Property, equipment and intangible assets	13	**763**	1,462
Deferred policy acquisition cost		**8,765**	4,956
Prepayments and other receivables	8	**5,853**	4,809
Bank balances and cash	6	**51,406**	96,446
Statutory deposits	10	**10,000**	10,000
Total shareholders' assets		**236,843**	214,354
TOTAL ASSETS		**429,774**	372,935
PARTICIPANTS' LIABILITIES AND DEFICIT			
Participants' liabilities			
Takaful contract liabilities	7	**182,022**	147,950
Retakaful contract liabilities	7	**239**	1,347
Other liabilities	14	**10,670**	9,284
Total participants' liabilities		**192,931**	158,581
Participants' deficit			
Qard Hassan against deficit in participants' fund	15	**(164,254)**	(159,125)
Less: Provision against Qard Hassan to participants' fund	15	**164,254**	159,125
		-	-
Total participants' liabilities and deficit		**192,931**	158,581

The accompanying notes 1 to 36 form an integral part of these financial statements.

Sukoon Takaful P.J.S.C

STATEMENT OF FINANCIAL POSITION (continued)

	Notes	***31 December 2024 AED'000***	*31 December 2023 AED'000*
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' liabilities			
Employees' end of service benefits	16	**1,616**	1,371
Due to participants	11	**29,638**	30,755
Other liabilities	14	**10,789**	6,907
Total shareholders' liabilities		**42,043**	39,033
Shareholders' equity			
Share capital	17	**154,000**	154,000
Statutory reserve	18	**77,000**	77,000
Retakaful reserves	19	**1,105**	695
Cumulative changes in fair value of FVTOCI investments	20	**(4,468)**	(4,960)
Accumulated losses		**(32,837)**	(51,414)
Total shareholders' equity		**194,800**	175,321
Total shareholders' liabilities and equity		**236,843**	214,354
TOTAL LIABILITIES, PARTICIPANTS' FUND AND EQUITY		**429,774**	372,935

These financial statements were approved by the Board of Directors 28 January 2025 and were signed on their behalf by:

Saood Abdulalaziz Al Ghurair
Chairman

Mr. Ahmed M.A.Abushanab
CEO

STATEMENT OF PROFIT OR LOSS

	Notes	For the year ended 31 December 2024 AED'000	2023 AED'000
ATTRIBUTABLE TO PARTICIPANTS			
Takaful revenue	7	**121,616**	126,584
Takaful service expenses		**(84,105)**	(152,272)
Takaful service result before retakaful contracts held		**37,511**	(25,688)
Allocation of retakaful contributions		**(55,784)**	(44,486)
Amounts recoverable from retakaful for incurred claims		**52,561**	28,402
Net expenses from retakaful contracts held		**(3,223)**	(16,084)
Takaful service result		**34,288**	(41,772)
Takaful finance expenses for takaful contracts issued	7	**(2,357)**	(1,098)
Retakaful finance income for retakaful contracts held	7	**728**	274
Net takaful income/(loss)		**32,659**	(42,596)
Investment income	23	**5,615**	3,103
Other income		**2,511**	1,471
Wakala fees	24	**(44,229)**	(31,293)
Mudarib share	24	**(1,685)**	(931)
Deficit for the year attributable to participants		**(5,129)**	(70,246)
Attributable to shareholders			
Investment income	23	**20,151**	1,610
Other income		**820**	1,785
Total investment and other income		**20,971**	3,395
Wakala fees	24	**44,229**	31,293
Mudarib share	24	**1,685**	931
		66,885	35,619
Expenses			
Policy acquisition costs		**(13,863)**	(16,857)
General and administrative expenses	25	**(27,048)**	(25,046)
Profit/(loss) for the year before Qard Hassan		**25,974**	(6,284)
Provision against Qard Hassan to participants		**(5,129)**	(70,246)
Profit/(loss) for the year attributable to shareholders before tax		**20,845**	(76,530)
Tax expense	22	**(1,858)**	-
Profit /(loss) for the period		**18,987**	(76,530)
Earning per share			
Basic and diluted profit/(loss) per share	27	**0.123**	(0.497)

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 December 2024 AED'000	2023 AED'000
ATTRIBUTABLE TO SHAREHOLDERS			
Profit/(loss) for the year		**18,987**	(76,530)
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss:			
Unrealised loss of equity investments designated at FVTOCI (net of tax)	5	**(809)**	(1,692)
Deferred Tax impact on the fair value movement		**73**	-
Items that may be reclassified subsequently to profit or loss:			
Unrealised gain/(loss) on investments designated at FVTOCI	5	**476**	(924)
Realised loss on sukuk designated at FVTOCI re-classified to income statement		**752**	3,019
Total other comprehensive income for the year attributable to Shareholders		**492**	403
Total comprehensive income/(loss) for the year attributable to Shareholders		**19,479**	(76,127)

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital *AED'000*	*Statutory reserve* *AED'000*	*Retakaful reserve* *AED'000*	*Cumulative changes in fair value of FVTOCI investments* *AED'000*	*Retained earnings/ (accumulated losses)* *AED'000*	*Total equity* *AED'000*
Balance at 1 January 2023	154,000	77,000	479	(5,363)	25,332	251,448
Loss for the year	-	-	-	-	(76,530)	(76,530)
Other comprehensive income for the year	-	-	-	403	-	403
Total comprehensive income/(loss) for the year	-	-	-	403	(76,530)	(76,127)
Retakaful reserve (note 19)	-	-	216	-	(216)	-
Balance at 31 December 2023	154,000	77,000	695	(4,960)	(51,414)	175,321
Balance at 1 January 2024	154,000	77,000	695	(4,960)	(51,414)	175,321
Profit for the year	-	-	-	-	18,987	18,987
Other comprehensive income for the year	-	-	-	492	-	492
Total comprehensive income for the year	-	-	-	492	18,987	19,479
Retakaful reserve (note 19)	-	-	410	-	(410)	-
Balance at 31 December 2024	**154,000**	**77,000**	**1,105**	**(4,468)**	**(32,837)**	**194,800**

The accompanying notes 1 to 36 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	For the year ended 31 December 2024 AED'000	2023 AED'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before tax for the year		**20,845**	(76,530)
Adjustments for:			
Depreciation of property and equipment	13	**754**	897
Amortisation of intangible assets		**187**	292
Unrealised loss/(gain) on financial assets at FVTPL		**11**	(42)
Realised gain on disposal of financial assets at FVTPL		**-**	(15)
Rental income		**(5,832)**	(7,798)
Dividends income from financial assets		**(483)**	(554)
Loss on disposal of financial assets at FVTOCI		**752**	3,019
Loss on sale of investment properties		**-**	3,181
Gain on sale of assets		**-**	(68)
(Gain) / loss on fair value of investment properties	12	**(8,030)**	6,475
Funding cost on lease liability		**-**	20
Amortisation of financial assets at amortised cost		**(208)**	-
Profit on wakala deposits and sukuk		**(11,977)**	(9,299)
Provision for employees' end of service indemnity	16	**911**	337
Operating cash flows before changes in working capital		**(3,070)**	(80,085)
Change in retakaful contract assets		**(34,754)**	61
Change in prepayments and other receivables		**(1,680)**	1,162
Change in deferred acquisition costs		**(3,809)**	4,027
Change in takaful contract liabilities		**34,071**	24,636
Change in retakaful contract liabilities		**(1,107)**	1,001
Change in other liabilities		**3,879**	1,121
Cash used in operating activities		**(6,470)**	(48,077)
Employees end of service benefits paid	16	**(666)**	(1,352)
Net cash used in operating activities		**(7,136)**	(49,429)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, equipment and intangible assets	13	**(241)**	(217)
Proceeds from sale of property and equipment		**-**	147
Purchase of other financial assets		**(83,560)**	(2,734)
Proceeds from sale of financial assets		**11,221**	41,876
Proceeds from sale of investment properties		**-**	83,475
Rental income received		**5,964**	7,942
Profit received on sukuk and wakala deposit		**11,464**	6,544
Dividend received		**483**	554
Change in wakala deposit with maturity more than 3 months		**57,239**	(145,144)
Net cash generated from / (used in) investing activities		**2,570**	(7,557)
CASH FLOWS FROM FINANCING ACTIVITY			
Payment of lease liability		**(526)**	(526)
Net cash used in financing activity		**(526)**	(526)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(5,092)**	(57,512)
Cash and cash equivalents at the beginning of the year		**13,510**	71,022
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**8,418**	13,510

The accompanying notes 1 to 36 form an integral part of these financial statements.

1 LEGAL STATUS AND ACTIVITIES

Sukoon Takaful P.J.S.C (formerly "Arabian Scandinavian Insurance Company PLC - Takaful - ASCANA Insurance") (the "Company") is a public shareholding company and was registered in 1992. The Company is engaged in takaful and retakaful of all classes of business in accordance with the provisions of the United Arab Emirates ("UAE") Federal Law No. 48 of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations. The registered address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

The Shareholders Extraordinary General Assembly Meeting held on 19 March 2014 approved conversion of the Company's business from conventional insurance to Takaful insurance. The Board of Directors appointed an Internal Sharia Supervision Committee for overseeing the compliance with Sharia.

The Company started issuing short term takaful contracts from 1 February 2015 in connection family takaful and general takaful such as motor, marine, fire, engineering, medical and general accident risks (collectively known as general takaful). The Company only operates in United Arab Emirates, through its Dubai and Abu Dhabi offices.

During the year ended 31 December 2023, Sukoon Insurance P.J.S.C. (formerly known as Oman Insurance Company P.S.C.) has acquired 93.04% shareholding of the Company and additional 1.57% of the shares were acquired by Sukoon Insurance P.J.S.C. during the year ended 31 December 2024. The Company is a subsidiary of Sukoon Insurance P.J.S.C.

The ultimate parent of the Company is Mashreq Bank (PSC) which is incorporated in the Emirate of Dubai.

Change of Company's Name
During the year, in General Assembly meeting held on 29 March 2024, shareholders have approved the change of the legal name of the Company. After obtaining all the necessary regulatory approval the name of the Company has been changed to Sukoon Takaful P.J.S.C with effect from 14 June 2024.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Law No. 32 of 2021, relating to commercial companies, and of UAE Federal Law No. 48 of 2023, concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and the Insurance Authority Board of Directors' Decision No. (25) of 2014 pertinent to the Financial Regulations for Insurance Companies.

Adhering to the Article 3.3 of Section 7 of the Financial Regulations for Takaful Companies issued by Insurance Authority (FRTC) and the relevant Shariah Board decisions Company has not considered shareholders' expenses. Only a Wakala fee was considered while applying the requirement of IFRS 17. Policy acquisition cost and general and administrative expenses accounts along with associated balance sheet items are part of the shareholders' accounts and presented separately.

These financial statements are prepared in UAE Dirhams ("AED") being the economic, functional and reporting currency, rounded to the nearest thousand.

The Company's statement of financial position is not presented using a current / non-current classification. However, the balances which would generally be classified as current includes bank balances and cash and other receivables. The balances which would generally be classified as non-current includes property and equipment, intangible assets, investment properties, employees' end of service benefits and statutory deposits. The following balances are of mixed nature (including both current and non-current portions): financial investments, prepayments and other receivables, reinsurance contract assets, reinsurance contract liabilities, insurance contract liabilities, deferred acquisition cost and other payables.

2 BASIS OF PREPARATION (continued)

These financial information has been prepared on the historical cost basis except for the following which are measured at fair value:

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

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.1 New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. the new and revised IFRS effective in the period did not have any significant impact.

New and revised IFRS Accounting Standards	*Effective for annual periods beginning on or after*
Amendments to IFRS 16 on lease liability in a sales and lease back	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

2.2 Standards issued but not effective

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

New and revised IFRS Accounting Standards	*Effective for annual periods beginning on or after*
Lack of exchangeability – Amendments to IAS 21	1 January 2025
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027

3 MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies applied in the preparation of these financial statements are summarised below.

Takaful Contracts

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

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Takaful Contracts (continued)

Classification and measurement

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

The Company applies the PAA to simplify the measurement of all of its takaful and retakaful contracts. When measuring liabilities for remaining coverage. When measuring liabilities for outstanding claims, the Company 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 presented as a single net amount in profit or loss.

The measurement principles of the PAA is as below:

- The liability for remaining coverage reflects contributions received less deferred acquisition expenses less 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 in order to calculate a loss component; and
- Measurement of the liability for incurred claims is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk.

Presentation and disclosure

For presentation in the statement of financial position, the Company 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.

IFRS 17 requires separate presentation of:

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

The Company provides disaggregated qualitative and quantitative information about:

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

Takaful and retakaful contracts classification

The Company issues takaful contracts in the normal course of business, under which it accepts significant takaful risk from its participants. As a general guideline, the Company 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Takaful Contracts (continued)

Takaful and retakaful contracts accounting treatment

Separating components from Takaful and retakaful contracts
The Company 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.

Some retakaful contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the participant 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 component of the retakaful contracts and are, therefore, non-distinct investment components which are not accounted for separately.

Level of aggregation
IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into two categories: onerous contracts and others. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator.

However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

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

- A group of contracts that are onerous at initial recognition, if any
- A group of the remaining contracts in the portfolio

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

Management determine the profitability groupings of each portfolio of contracts, 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 Company considers:

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

The Company divides portfolios of 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)

Takaful Contracts (continued)

Recognition
The Company recognises groups of takaful contracts it issued 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 participant in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Company recognises a group of 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 Company adds new contracts to the group when they are issued or initiated.

Contract boundary
The Company includes in the measurement of a group of 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 Company can compel the participant to pay the contributions, or in which the Company has a substantive obligation to provide the participant with services. A substantive obligation to provide services ends when:

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

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of 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.

Measurement – Premium Allocation Approach
Takaful contracts – initial measurement
The Company applies the contribution 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 contributions within the contract boundary.
  Or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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

The Company measures its retakaful assets for a group of retakaful 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)

Takaful Contracts (continued)

Measurement – Premium Allocation Approach (continued)
Takaful contracts – subsequent measurement
The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

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

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 Company derecognises takaful contracts when:

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

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

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

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

The Company disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in takaful finance income or expenses and in takaful service result respectively.

The Company separately presents income or expenses from retakaful contracts held from the expenses or income from takaful contracts issued.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Takaful Contracts (continued)

Takaful revenue
The takaful revenue for the period is the amount of expected contribution receipts (excluding any investment component) allocated to the period. The Company 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.

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

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

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 Company disaggregates takaful finance income or expenses in the profit or loss. The impact of changes in market profit rates on the value of the takaful assets and liabilities are reflected in the profit or loss.

Net income or expense from retakaful contracts held
The Company presents separately on the face of the statement of profit or loss, the amounts expected to be recovered from retakaful operators, and an allocation of the retakaful contributions paid. The Company 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.

Surplus/deficit in participants’ fund
If the surplus in the participants' fund at the end of a year is sufficiently large, a percentage of the surplus shall be distributed between participants that have not made a claim, in proportion to their risk contributions to the fund after accounting for reserves. The distributions will be approved by the Company's Internal Sharia Supervision Committee. Any remaining surplus after the distribution will remain in the participants' fund.

A deficiency in participants' fund is made good by a profit free loan (Qard Hasan) from the shareholders' fund. This Qard Hasan is to be repaid from future surpluses arising from takaful operations on a priority basis. This Qard Hasan is tested for impairment annually and the portion of the Qard Hasan that is considered impaired is charged to the statement of income.

On liquidation of the fund, the accumulated surplus in the participants' fund, if any, after meeting all obligations (including repayment of the outstanding amount of Qard Hasan), will be dealt with after consulting with the Company's Internal Sharia Supervision Committee. In case of an accumulated deficit, any Qard Hasan outstanding at the time of liquidation will not be repayable by the participants' fund and the shareholders' fund will forego such outstanding amount.

Any deficit in the participants’ fund, except for deficits arising from a decline in the fair value of securities, is financed by the shareholders through a Qard Hasan (loan without any profit). The Company maintains a full provision against the Qard Hasan.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment
Property and equipment are carried at cost less any accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. 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.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of income.

The useful life considered in the calculation of depreciation of all the assets is 4 years.

Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, 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 Company 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.

Leases
The Company recognises a right-to-use asset and a lease liability at the lease commencement date.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental funding rate. Generally, the Company uses its incremental funding rates as the discount rate.

The lease liability is measured at amortised cost using the effective funding cost method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset or is recorded in the profit or loss if the carrying amount of the right-to-use asset has been reduced to zero.

The Company presents right-to-use assets that do not meet the definition of investment property in 'Property and equipment' and the lease liabilities as a separate item in the statement of financial position.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Wakala fees
The Company manages the takaful operations on behalf of the participants for a wakala fee which is recognised on an accrual basis. A similar amount is shown as expense statement of income attributable to participants.

Profit income
Profit income is recognised on an accrual basis taking into account effective funding cost rates on the instrument, on a time proportionate basis when it becomes receivable.

Rental income
Rental income from investment property is recognised on a straight-line basis over the term of the lease.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Financial instruments

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

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

Classification and subsequent measurement of financial assets
The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). the Company classifies its financial assets into the following categories:

i) Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'investment income' together with foreign exchange gains and losses. Impairment losses are included within "investment income' in the consolidated statement of profit or loss.

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

ii) Financial assets at fair value through other comprehensive income

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

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity.

When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement but is reclassified to retained earnings.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

iii) Financial assets at fair value through profit and loss

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income on initial recognition. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of income.

Dividend income on investments in equity instruments at FVTPL is recognised in statement of income when the Company's right to receive the dividends is established.

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

Classification and subsequent measurement of financial liabilities
Financial liabilities comprise amounts due to related parties and most other payables.
Financial liabilities are measured subsequently at amortised cost using the effective funding cost method.

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

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- financing commitments issued.

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

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date. ECL are probability-weighted estimates of credit losses. They are measured as follows:

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

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits

Short-term employee benefits

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

Provision for employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the UAE Labour Law and is reported as separate line item under non-current liabilities. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in the UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

Foreign currency transactions

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

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

Impairment of non-financial assets

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

Short term operating leases

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

Cash and cash equivalents

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

Provisions, contingent liabilities and contingent assets

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

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

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

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

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

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

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Retained earnings include all current and prior period retained profits or losses. Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

Segment reporting

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

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxes (continued)

Value added tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the standalone statement of financial position.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Judgements and estimates

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

In preparing this financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited financial statements as at and for the year ended 31 December 2023, except for the below judgements.

Takaful and retakaful contracts

When measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

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

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

Liability for incurred claims

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

Judgements and estimates (continued)

Discount rates
The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity contribution'). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

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	**5.43**	6.11	**5.48**	5.29	**5.53**	5.08	**5.65**	5.10
Retakaful contracts issued	**5.43**	6.11	**5.48**	5.29	**5.53**	5.08	**5.65**	5.10

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

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 65th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 65th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Fair value of unquoted securities
Fair value of unquoted securities has been determined by the management based on Earnings Multiple and Net Assets Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different.

Investment properties fair value judgement
The Company values its investment properties at fair value on the basis of market valuations prepared by independent property valuers. The valuations are based on assumptions which are mainly based on market conditions existing at each reporting date. Therefore, any future change in the market conditions could have an impact on the fair value.

Expected credit losses
Management reviews the provision for expected credit losses (ECL) at each reporting date by assessing the recoverability of takaful and retakaful receivables. For non-takaful receivables the recoverability is assessed, and expected credit losses are created in compliance with the simplified approach under the IFRS 9 methodology.

5 INVESTMENT IN FINANCIAL ASSETS

The Company's investment in financial assets at the end of reporting year are detailed below:

	2024	*2023*
	AED'000	*AED'000*
Investments measured at FVTOCI		
Unquoted U.A.E. equity securities (a)	**270**	247
Quoted U.A.E. Sukuk (b)	**11,184**	21,293
Unquoted outside UAE	**7,795**	8,699
	19,249	30,239
Attributable to:		
Participants	**1,654**	1,625
Shareholders	**17,595**	28,614
	19,249	30,239
Investments measured at FVTPL		
Unquoted U.A.E. equity securities (a)	**545**	557
Investments at Amortised Cost		
Quoted Sukuks (c)	**83,203**	-
Less: ECL	**(32)**	-
	83,171	-
Attributable to:		
Participants	**16,795**	-
Shareholders	**66,376**	-
	83,171	-

(a) The Company holds investments in unquoted equity securities of three entities as at 31 December 2024 (2023: three entities). Unobservable financial data used in determining the fair values of these unquoted securities has been extracted from their latest available audited financial statements for the year ended 31 December 2023, and current market available information. (2023: financial statements for the year ended 31 December 2022). All the investments measured at FVTPL are attributable to Shareholders.

(b) Fair values have been determined by reference to quoted prices at the reporting date. During the year, the Company purchased quoted Sukuk amounting to AED Nil (2023: AED 2,734 thousand) while sold quoted sukuk amounting to AED 10,600 thousand (2023: AED 38,323 thousand).

(c) These Sukuks were purchased during the year and carry interests at the rates of 1.82% to 5.78% per annum. The Company holds these investments with the objective of receiving the contractual cash flows over the instrument's life. The Sukuks are redeemable at par from 2025 to 2046 based on their maturity dates.

5 INVESTMENT IN FINANCIAL ASSETS (continued)

The movement in the investments is as follows:

	FVTOCI		*FVTPL*		*Amortised cost*	
	2024	*2023*	***2024***	*2023*	***2024***	*2023*
	AED'000	*AED'000*	***AED'000***	*AED'000*	***AED'000***	*AED'000*
At the beginning of the year	**30,239**	68,444	**557**	4,053	**-**	-
Purchases during the year	**-**	2,734	**-**	-	**83,560**	-
Maturities / redemption	**(57)**	-	**-**	-	**(565)**	-
Amortisation	**-**	-	**-**	-	**208**	-
Sold during the year	**(10,600)**	(38,323)	**-**	(3,538)	**-**	-
Change in Fair value	**(333)**	(2,616)	**(12)**	42	**-**	-
Provision for expected credit losses	**-**	-	**-**	-	**(32)**	-
	19,249	30,239	**545**	557	**83,171**	-

There were no reclassifications between investments categories during the year ended 31 December 2024 and 2023.

6 BANK BALANCES AND CASH

	2024	*2023*
	AED'000	*AED'000*
Cash on hand	**2**	6
Bank balances:		
Wakala deposits	**133,414**	193,881
Current accounts	**8,416**	10,276
	141,832	204,163
Attributable to:		
Participants	**90,426**	107,717
Shareholders	**51,406**	96,446
	141,832	204,163

The profit rates on the Wakala deposits with banks range from 4.20% to 5.80% (2023: 4.60% to 5.85%). Wakala deposits amounting to AED 133,414 thousand (2023: AED 190,653 thousand) have maturity more than three months. All cash and bank balances are maintained within U.A.E.

For the purposes of statement of cash flows, cash and cash equivalents include cash and bank balances net of wakala deposits in banks with maturity over three months. Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2024	*2023*
	AED'000	*AED'000*
Cash and bank balances (note 6)	**141,832**	204,163
Wakala deposits with maturity over 3 months	**(133,414)**	(190,653)
Cash and cash equivalents	**8,418**	13,510

7 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*		
	Assets	***Liabilities***	***Net***	*Assets*	*Liabilities*	*Net*
	AED'000	***AED'000***	***AED'000***	*AED'000*	*AED'000*	*AED'000*
Takaful contracts issued						
Motor	**-**	**(63,145)**	**(63,145)**	-	(96,500)	(96,500)
Medical & group family takaful	**-**	**(34,925)**	**(34,925)**	-	(27,465)	(27,465)
General	**-**	**(83,952)**	**(83,952)**	-	(23,985)	(23,985)
Total takaful contracts issued	**-**	**(182,022)**	**(182,022)**	-	(147,950)	(147,950)
Retakaful contracts held						
Motor	**9,106**	**-**	**9,106**	1,565	(1)	1,564
Medical & group family takaful	**4,593**	**-**	**4,593**	8,698	(556)	8,142
General	**38,221**	**(239)**	**37,982**	6,903	(790)	6,113
Total Retakaful contracts held	**51,920**	**(239)**	**51,681**	17,166	(1,347)	15,819

The Company disaggregates information to provide disclosure in respect of major product lines separately: Motor takaful, medical and group family takaful, and general retakaful issued.

This disaggregation has been determined based on how the Company is managed. 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 on the next page.

7 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 measured under PAA

December 2024	*Liabilities for remaining coverage*		*Liabilities for incurred claims*		*Total*
	Excluding loss component AED'000	*Loss component AED'000*	*Estimates of the present value of future cash flows AED'000*	*Risk adjustment AED'000*	*AED'000*
Takaful contract liabilities at 1 January 2024	**(30,788)**	**(20,783)**	**(93,461)**	**(2,918)**	**(147,950)**
Takaful revenue	**121,616**	**-**	**-**	**-**	**121,616**
Takaful service expenses					
Incurred claims and other expenses	**-**	**-**	**(189,362)**	**(103)**	**(189,465)**
Losses on onerous contracts and reversals of those losses	**-**	**3,287**	**-**	**-**	**3,287**
Changes to liabilities for incurred claims	**-**	**-**	**57,976**	**(132)**	**57,844**
Takaful service expenses*	**-**	**3,287**	**(131,386)**	**(235)**	**(128,334)**
Takaful service result	**121,616**	**3,287**	**(131,386)**	**(235)**	**(6,718)**
Takaful finance expenses	**-**	**-**	**(2,358)**	**1**	**(2,357)**
Total changes in the statement of profit or loss	**121,616**	**3,287**	**(133,744)**	**(234)**	**(9,075)**
Cash flows	**-**	**-**	**-**	**-**	**-**
Contributions received	**(166,750)**	**-**	**-**	**-**	**(166,750)**
Claims and other expenses paid	**-**	**-**	**141,753**	**-**	**141,753**
Total cash flows	**(166,750)**	**-**	**141,753**	**-**	**(24,997)**
Net Takaful contract liabilities as at 31 December 2024	**(75,922)**	**(17,496)**	**(85,452)**	**(3,152)**	**(182,022)**

*Takaful service expense of AED 128,334 thousand consist of AED 84,105 thousand pertaining to Participants' operations and AED 44,229 thousand relating to Wakala charged by Shareholders to Participants.

7 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 measured under PAA (continued)

December 2023	*Liabilities for remaining coverage*		*Liabilities for incurred claims*		*Total*
	Excluding loss component AED'000	*Loss component AED'000*	*Estimates of the present value of future cash flows AED'000*	*Risk adjustment AED'000*	*AED'000*
Takaful contract liabilities as at 1 January 2023	(46,074)	(13,800)	(62,281)	(1,159)	(123,314)
Takaful revenue	126,584	-	-	-	126,584
Takaful service expenses					
Incurred claims and other expenses	-	-	(190,247)	(1,302)	(191,549)
Losses on onerous contracts and reversals of those losses	-	(6,983)	-	-	(6,983)
Changes to liabilities for incurred claims	-	-	15,426	(459)	14,967
Takaful service expenses*	-	(6,983)	(174,821)	(1,761)	(183,565)
Takaful service result	126,584	(6,983)	(174,821)	(1,761)	(56,981)
Takaful finance expenses	-	-	(1,100)	2	(1,098)
Total changes in the statement of profit or loss and other comprehensive income	126,584	(6,983)	(175,921)	(1,759)	(58,079)
Cash flows					
Contributions received	(111,298)	-	-	-	(111,298)
Claims and other expenses paid	-	-	144,741	-	144,741
Total cash flows	(111,298)	-	144,741	-	33,443
Net takaful contract liabilities as at 31 December 2023	(30,788)	(20,783)	(93,461)	(2,918)	(147,950)

*Takaful service expense of AED 183,565 thousand consist of AED 152,272 thousand pertaining to Participants' operations and AED 31,293 thousand relating to Wakala charged by Shareholders to Participants.

7 TAKAFUL AND RETAKAFUL CONTRACTS (continued)

Roll-forward of net asset or liability for retakaful contracts issued showing the assets for remaining coverage and the liability for incurred claims measured under PAA

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'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Opening retakaful contract (liabilities)/assets	(3,437)	24	19,882	697	17,166
Opening retakaful contract (liabilities)/assets	(7,491)	306	5,638	200	(1,347)
Net retakaful contract (liabilities)/assets as at 1 January 2024	**(10,928)**	**330**	**25,520**	**897**	**15,819**
Allocation of retakaful contributions	**(55,454)**	**(330)**	**-**	**-**	**(55,784)**
Amounts recoverable incurred claims and other expenses	**-**	**-**	**60,081**	**659**	**60,740**
Amortisation of takaful acquisition cash flows	**9,465**	**-**	**-**	**-**	**9,465**
Loss-recovery on onerous underlying contracts and adjustments	**-**	**679**	**-**	**-**	**679**
Changes to amounts recoverable for incurred claims	**-**	**-**	**(18,417)**	**94**	**(18,323)**
Amounts recoverable from retakaful for incurred claims	**9,465**	**679**	**41,664**	**753**	**52,561**
Net income or expense from retakaful contracts held	**(45,989)**	**349**	**41,664**	**753**	**(3,223)**
Retakaful finance income			**728**	**-**	**728**
Total amount recognized in the statement of profit or loss and comprehensive income	**(45,989)**	**349**	**42,392**	**753**	**(2,495)**
Cash flows					
Contributions received	**79,150**	**-**	**-**	**-**	**79,150**
Claims and other expenses paid	**(14,092)**	**-**	**(26,701)**	**-**	**(40,793)**
Total cash flows	**65,058**	**-**	**(26,701)**	**-**	**38,357**
Net balance as at 31 December 2024	**8,141**	**679**	**41,211**	**1,650**	**51,681**
Closing retakaful contract assets	**8,465**	**679**	**41,130**	**1,646**	**51,920**
Closing retakaful contract liabilities	**(324)**	**-**	**81**	**4**	**(239)**
Net retakaful contract (liabilities)/assets as at 31 December 2024	**8,141**	**679**	**41,211**	**1,650**	**51,681**

7 TAKAFUL AND RETAKAFUL CONTRACTS (continued)

Roll-forward of net asset or liability for retakaful contracts issued showing the assets for remaining coverage and the liability for incurred claims measured under PAA (continued)

December 2023	*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'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Opening Retakaful contract (liabilities)/assets	(1,046)	821	16,945	507	17,227
Opening Retakaful contract (liabilities)/assets	(774)	2	426	-	(346)
Net retakaful contract (liabilities)/assets as at 1 January 2023	(1,820)	823	17,371	507	16,881
Allocation of retakaful contributions	(43,663)	(823)	-	-	(44,486)
Amounts recoverable from retakaful for incurred claims					
- Amounts recoverable incurred claims and other expenses	7,947	-	23,208	11	31,166
- Loss-recovery on onerous underlying contracts and adjustments	-	330	-	-	330
Changes to amounts recoverable for incurred claims	-	-	(3,474)	380	(3,094)
Amounts recoverable from retakaful for incurred claims	7,947	330	19,734	391	28,402
Net income or expense from retakaful contracts held	(35,716)	(493)	19,734	391	(16,084)
Retakaful finance income	-	-	275	(1)	274
Total changes in the statement of comprehensive income	(35,716)	(493)	20,009	390	(15,810)
Cash flows					
Contributions received	33,831	-	-	-	33,831
Claims and other expenses paid	(7,223)	-	(11,860)	-	(19,083)
Total cash flows	26,608	-	(11,860)	-	14,748
Net balance as at 31 December 2023	(10,928)	330	25,520	897	15,819
Closing retakaful contract assets/(liabilities)	(3,437)	24	19,882	697	17,166
Closing retakaful contract assets/(liabilities)	(7,491)	306	5,638	200	(1,347)
Net retakaful contract (liabilities)/assets as at 31 December 2023	(10,928)	330	25,520	897	15,819

8 PREPAYMENTS AND OTHER RECEIVABLES

	2024	*2023*
	AED'000	*AED'000*
Accrued profit	**4,520**	3,844
Prepaid expenses	**2,121**	1,133
Rent receivable (net)*	**206**	336
Advances and deposits	**217**	292
Other receivables	**1,287**	522
	8,351	6,127
Attributable to:		
Participants	**2,498**	1,318
Shareholders	**5,853**	4,809
	8,351	6,127

*The rent receivable is net of expected credit losses of AED 820,000 (2023: AED 700,000).

9 RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties represent the companies under common control, shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The Company has entered into the above transactions with the related parties which were made on substantially the same terms as those prevailing at the same time for the comparable transactions with third parties.

Amounts due from/to related parties were as follows:

	2024	*2023*
	AED'000	*AED'000*
Amounts due from related parties:		
Related parties due to Shareholding		
Others	**24**	-
	24	-
Amounts due to related parties:		
Related parties due to Shareholding		
Others	**4,973**	2,671

All amount due from/to related parties are attributable to participants.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

During the year, the Company entered into the following transactions with related parties till 31 May 2023 (prior to change in ownership):

	2024	*2023*
	AED'000	*AED'000*
Transactions with related parties:		
Contribution written through a related party broker	-	3,363
Gross written contribution	-	1,107
Policy acquisition cost paid	-	507
Management expenses (net)	-	24
Claims paid	-	27

9 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

During the year, the Company entered into the following transactions with related parties from 1 January 2024 to 31 December 2024 (transactions disclosed in comparative period i.e. year 2023 are subsequent to change in ownership, which is from 1 June 2023 to 31 December 2023);

	2024	*2023*
	AED'000	*AED'000*
Transactions with related parties:		
Retakaful share of ceded business and other retakaful arrangement	**6,965**	2,502
Commission on retakaful share of ceded business	**59**	5
Gross written contribution	**2,188**	3,070
Other transactions	**1,959**	672
Recovery claims	**819**	642
Expenses charged by Group head office	**1,000**	-

Key management personnel remuneration:

	2024	*2023*
	AED'000	*AED'000*
Short-term benefits	**784**	613
Long-term benefits	**23**	61
Board of directors' remuneration	**-**	27

10 STATUTORY DEPOSITS

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

Statutory deposit represents a Wakala deposit under lien against the guarantees issued in favour of Central Bank of U.A.E. in accordance with UAE Federal Law No 48 of 2023 (previously Federal Law No.6 of 2007).

11 DUE FROM PARTICIPANTS/DUE TO SHAREHOLDERS

The balance consists of the net of Wakala fees balances that are due to the shareholders from the participants amounting to AED 29,638 thousand (2023: AED 30,755 thousand).

12 INVESTMENT PROPERTIES

	Land	***Residential Building and Offices***	***Total***
	AED'000	***AED'000***	***AED'000***
2023			
At 1 January	9,500	151,141	160,641
Disposal during the year	(9,500)	(77,156)	(86,656)
Change in fair value during the year (note 23)	-	(6,475)	(6,475)
At 31 December	-	67,510	67,510
2024			
At 1 January	-	**67,510**	**67,510**
Disposal during the year	-	**-**	**-**
Change in fair value during the year (note 23)	-	**8,030**	**8,030**
At 31 December	-	**75,540**	**75,540**

12 INVESTMENT PROPERTIES (continued)

On 31 December 2024, two independent and experienced professional valuers estimated the fair value of investment property at AED 75,140 thousand and AED 75,940 thousand respectively (31 December 2023: two independent and experienced professional valuers estimated the fair value of investment property at AED 66,925 thousand and AED 68,095 thousand respectively).

Company recognises the average of fair value from both valuers. The valuers hold relevant professional qualifications and experience. Investment properties is held for capital appreciation and rental purposes.

All investment properties are located in U.A.E. Details of the investment properties and information about the fair value hierarchy as at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024			*Fair value as at 31 December 2023*
	Level 1	***Level 2***	***Level 3***	*Level 3*
	AED'000	***AED'000***	***AED'000***	*AED'000*
Investment properties	**-**	**-**	**75,540**	67,510

Investment properties are valued using income capitalisation method and market comparable. Income capitalization method considers a market rent that may be achieved based on the comparable evidence and deducting appropriate maintenance and vacancy rates to derive the Net Rent achievable which then capitalized at an appropriate risk yield to derive the Fair Value of the subject property. Sales comparison method considers the value of comparable properties in proximity adjusted for differences in key attributes such as property size and quality of interior fittings.

Sensitivity analysis on the valuation of the properties is as below;
For the Income capitalization method, if the capitalization rate were to decrease / increase by 1% and considering all other assumptions to remain constant, the fair value would increase / decrease by 14.43%/-11.19% respectively. (31 December 2023: the fair value would increase / decrease by 13.22%/-12.31% respectively).

For the sales comparison method, if the prices of the comparable properties were to increase / decrease by 1% and considering all other assumptions to remain constant, the fair value would increase / decrease by AED 31 thousand (31 December 2023: the fair value would increase / decrease by AED 21 thousand).

The property rental income earned by the Company from its investment properties, which are leased under operating leases on an annual basis and the direct operating expenses arising in the management of the investment properties are as follows:

	2024	*2023*
	AED'000	*AED'000*
Rental income	**6,685**	8,701
Direct operating expenses	**(853)**	(903)
Net income from investment properties	**5,832**	7,798

13 PROPERTY, EQUIPMENT & INTANGIBLE ASSETS

2024	***Furniture and fixtures AED'000***	***Motor vehicles AED'000***	***Right-of-use assets AED'000***	***Intangible assets AED'000***	***Total AED'000***
Cost					
At 1 January	5,790	20	2,946	1,252	10,008
Additions during the year	79	-	-	163	242
At 31 December	**5,869**	**20**	**2,946**	**1,415**	**10,250**
Accumulated depreciation/amortisation					
At 1 January	5,236	16	2,450	844	8,546
Charge for the year	257	1	496	187	941
At 31 December	**5,493**	**17**	**2,946**	**1,031**	**9,487**
Carrying value					
At 31 December 2024	**376**	**3**	**-**	**384**	**763**

2023	*Furniture and fixtures AED'000*	*Motor vehicles AED'000*	*Right-of-use assets AED'000*	*Intangible assets AED'000*	*Total AED'000*
Cost					
At 1 January	5,698	270	2,946	1,127	10,041
Additions during the year	92	-	-	125	217
Disposal during the year	-	(250)	-	-	(250)
At 31 December	5,790	20	2,946	1,252	10,008
Accumulated depreciation / amortisation					
At 1 January	4,852	169	1,955	552	7,528
Charge for the year	384	18	495	292	1,189
Disposal during the year	-	(171)	-		(171)
At 31 December	5,236	16	2,450	844	8,546
Carrying value					
At 31 December 2023	554	4	496	408	1,462

At 31 December 2024, the cost of fully depreciated property and equipment that was still in use amounted to AED 5.50 million (2023: AED 5.16 million).

14 OTHER LIABILITIES

	2024 *AED'000*	*2023* *AED'000*
Contribution reserve withheld	**6,985**	6,404
Accrued expenses	**5,046**	3,882
Deferred rental income	**536**	475
Lease liability	**-**	525
Current tax liability (note 22)	**1,136**	-
Deferred tax liability (note 22)	**649**	-
Others	**7,107**	4,905
	21,459	16,191
Attributable to:		
Participants	**10,670**	9,284
Shareholders	**10,789**	6,907
	21,459	16,191

15 QARD HASAN

(i) Deficit in participants' fund:	*2024* *AED'000*	*2023* *AED'000*
As at 1 January	**(159,125)**	(88,879)
Deficit during the year	**(5,129)**	(70,246)
As at 31 December	**(164,254)**	(159,125)

(ii) Qard Hasan from shareholders	*2024* *AED'000*	*2023* *AED'000*
As at 1 January	**159,125**	88,879
Addition during the year	**5,129**	70,246
As at 31 December	**164,254**	159,125

The shareholders have funded the deficit in the participants' fund in accordance with the Company's policy through a Qard Hasan (profit free loan with no repayment terms).

16 PROVISION FOR EMPLOYEES' END OF SERVICE INDEMNITY

	2024 *AED'000*	*2023* *AED'000*
Balance at the beginning of the year	**1,371**	2,386
Charged during the year	**911**	337
Paid during the year	**(666)**	(1,352)
Balance at the end of the year	**1,616**	1,371

17 SHARE CAPITAL

	2024 *AED'000*	*2023* *AED'000*
Authorised and issued and fully paid:		
154,000,000 ordinary shares of AED 1 each (2023: 154,000,000)	**154,000**	154,000

18 STATUTORY RESERVE

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

19 RETAKAFUL RESERVE

In accordance with Central Bank of the United Arab Emirates' Board of Directors' Decision No. 23, Article 34, an amount of AED 410 thousand (2023: AED 216 thousand) based on the retakaful share of contribution at a rate of 0.5% was transferred from retained earnings to retakaful reserve. The reserve is not available for distribution and will not be disposed of without prior approval from Central Bank of the UAE.

20 INVESTMENTS REVALUATION RESERVE – FVTOCI

This reserve records gains and losses arising from changes in fair value of other financial assets measured at fair value through other comprehensive income. Movement in reserve is as below;

	2024	*2023*
	AED'000	*AED'000*
Balance at the beginning of the year	**(4,960)**	(5,363)
Change in FV for the year	**(333)**	(2,616)
Deferred Tax Impact	**73**	-
Realised loss on re-classified to income statement	**752**	3,019
Balance at the end of the year	**(4,468)**	(4,960)

21 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.

2024	***Family takaful AED'000***	***Medical takaful AED'000***	***Motor AED'000***	***Others AED'000***	***Total AED'000***
Direct written contributions	**1,643**	**39,999**	**31,736**	**37,547**	**110,925**
Assumed business					
Foreign	**-**	**-**	**-**	**-**	**-**
Local	**-**	**-**	**6,564**	**54,907**	**61,471**
Total assumed business	**-**	**-**	**6,564**	**54,907**	**61,471**
Total gross written contributions	**1,643**	**39,999**	**38,300**	**92,454**	**172,396**

2023	*Family takaful AED'000*	*Medical takaful AED'000*	*Motor AED'000*	*Others AED'000*	*Total AED'000*
Direct written contributions	1,113	27,544	39,219	36,178	104,054
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	-	257	257
Total assumed business	-	-	-	257	257
Total gross written contributions	1,113	27,544	39,219	36,435	104,311

22 CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute 'substantive enactment' of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.

Current taxes should be measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of the any reporting period. Since the Company is expected to pay tax in accordance with the provision of the UAE CT Law on its operational results with effect from 1 January 2024, current taxes have been accounted for in the financial statements for the period beginning from 1 January 2024.

Deferred taxes should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. As the UAE CT Law is considered 'substantively enacted' as at 31 December 2023 for the purposes of IAS 12, the Company considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes (if any) for the year ended 31st December 2024.

The major components of income tax expense in the statement of profit or loss and Other Comprehensive income:

	2024 ***AED'000***
Statement of profit or loss	
Current income tax:	
Current income tax charge	**1,136**
Deferred tax:	
Relating to origination and reversal of temporary differences	**722**
Total Income tax expense reported in the statement of profit or loss	**1,858**
Other Comprehensive Income	
Deferred tax related to items recognised in OCI during in the year:	
Deferred tax asset on FV Loss on equity instruments designated at FVOCI	**(73)**

Reconciliation of the accounting profit to the tax expense for the year ended 31 December 2024 is as below;

	2024 ***AED'000***
Accounting profit before tax	**20,845**
At United Arab Emirates' statutory income tax rate of 9%	**1,876**
Adjustments in respect of standard deduction as per the Law	**(34)**
Other adjustment	**16**
Income tax expense reported in the income statement	**1,858**
Effective tax rate	**8.91%**

22 CORPORATE TAX (continued)

Current and Deferred Tax reflected in the statement of financial position as follows;

	2024
	AED'000
Deferred Tax Assets and Liabilities	
Deferred Tax Liability	**(722)**
Deferred Tax Assets	**73**
Deferred tax liability – net (note 14)	**(649)**
Current Tax	
Current tax liability (note 14)	**(1,136)**

23 INVESTMENT INCOME

	2024	*2023*
	AED'000	*AED'000*
Profit on disposal of financial investments at FVTPL	**-**	15
Unrealised gain /(loss) on financial investments at FVTPL	**(11)**	42
Dividends from financial investments at FVTPL	**-**	23
Income from investment properties	**5,832**	7,798
Amortisation of investments at amortised cost	**208**	-
Profit on sukuk	**1,842**	1,488
Loss on sale of Sukuk at FVTOCI	**(752)**	(3,019)
Dividend from other financial assets	**483**	531
Income from wakala deposit	**10,041**	7,811
Loss on sale of investment properties	**-**	(3,181)
Profit on sale of asset	**-**	68
Profit on call account	**93**	-
Gain/(loss) on fair value of investment properties (note 12)	**8,030**	(6,475)
Expenses allocated to investment	**-**	(388)
	25,766	4,713
Attributable to:		
Participants	**5,615**	3,103
Shareholders	**20,151**	1,610
	25,766	4,713

24 WAKALA FEE AND MUDARIB'S SHARE

Wakala fees

Wakala fee for the year ended 31 December 2024 amounted to AED 44,229 thousand (2023: AED 31,293 thousand) the fee is calculated as percentage (range between 5% to 30%) of gross written contribution of AED 172,396 thousand (2023: AED 104,311 thousand) without any deduction of policy acquisition cost. Wakala fee is charged to the statement of income when incurred.

Mudarib's share

The shareholders also manage the participants' investment funds and charge Mudarib's share. Mudarib's share is charged at 30% of realised investment income.

25 GENERAL AND ADMINISTRATIVE EXPENSES

	2024	*2023*
	AED'000	*AED'000*
Staff cost	**13,010**	12,868
Third party administrators and other related expenses	**5,354**	4,116
Legal and professional fees	**2,671**	2,053
Expenses charged by Group head office	**1,000**	-
Depreciation and amortisation	**941**	1,190
Policy registration fees	**746**	920
Takaful expense	**402**	903
End of service benefits and pension	**752**	525
Marketing expenses	**115**	327
Bank charges	**104**	387
Short term lease	**327**	239
Board of directors' remuneration (note 9)	**-**	27
Other expenses	**1,626**	1,491
	27,048	25,046

Social contributions during the year ended 31 December 2024 amounted to AED 3,800 (2023: AED 7,607).

26 SEGMENTAL INFORMATION

For management purposes the Company is organised into two business segments; general takaful management and investment. The general takaful segment comprises the takaful business undertaken by the Company on behalf of Participants. Investment comprises investment and cash management for the Company's own account. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the financial statements.

Except for Wakala fees, and Qard Hassan, no other inter-segment transactions occurred during the year. If any other transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties.

26 SEGMENT INFORMATION (continued)

These segments are the basis on which the Company reports its primary segment information. Segmental information is presented below:

	31 December 2024			*31 December 2023*		
	Attributable to participants	***Attributable to shareholders***	***Total***	*Attributable to participants Restated*	*Attributable to shareholders Restated*	*Total Restated*
	AED'000	***AED'000***	***AED'000***	*AED'000*	*AED'000*	*AED'000*
Takaful						
Takaful revenue	**121,616**	**-**	**121,616**	126,584	-	126,584
Takaful service expenses	**(84,105)**	**-**	**(84,105)**	(152,272)	-	(152,272)
Allocation of retakaful contributions	**(55,784)**	**-**	**(55,784)**	(44,486)	-	(44,486)
Amounts recoverable from retakaful for incurred claims	**52,561**	**-**	**52,561**	28,402	-	28,402
Takaful finance expenses for takaful contracts issued	**(2,357)**	**-**	**(2,357)**	(1,098)	-	(1,098)
Retakaful finance income for retakaful contracts held	**728**	**-**	**728**	274	-	274
Net takaful profit/(loss)	**32,659**	**-**	**32,659**	(42,596)	-	(42,596)
Wakala fees	**(44,229)**	**44,229**	**-**	(31,293)	31,293	-
Mudarib share	**(1,685)**	**1,685**	**-**	(931)	931	-
Other income	**2,511**	**-**	**2,511**	1,471	-	1,471
Investment income	**5,615**	**-**	**5,615**	3,103	-	3,103
	(5,129)	**45,914**	**40,785**	(70,246)	32,224	(38,022)
Investment						
Investment income	**-**	**20,151**	**20,151**	-	1,610	1,610
Other income	**-**	**820**	**820**	-	1,785	1,785
Policy acquisition cost	**-**	**(13,863)**	**(13,863)**	-	(16,857)	(16,857)
General and administration expenses	**-**	**(27,048)**	**(27,048)**	-	(25,046)	(25,046)
Profit/(loss) before tax for the year	**(5,129)**	**25,974**	**20,845**	(70,246)	(6,284)	(76,530)

26 SEGMENT INFORMATION (continued)

Other information

	Takaful		***Investment***		***Total***	
	2024	*2023*	***2024***	*2023*	***2024***	*2023*
	AED'000	*AED'000*	***AED'000***	*AED'000*	***AED'000***	*AED'000*
Segment assets	**192,931**	158,581	**236,843**	214,354	**429,774**	372,935
Segment liabilities	**192,931**	158,581	**42,043**	39,033	**234,974**	197,614

	Takaful		***Investment***		***Total***	
	2024	*2023*	***2024***	*2023*	***2024***	*2023*
	AED'000	*AED'000*	***AED'000***	*AED'000*	***AED'000***	*AED'000*
Capital expenditure (including intangibles)	**-**	-	**242**	218	**242**	218
Depreciation and amortisation	**-**	-	**941**	1,189	**941**	1,189

27 EARNING PER SHARE

Profit/(loss) per share are calculated by dividing the loss for the year by the number of ordinary shares outstanding as of the end of the year as follows:

	2024	2023
Profit / (loss) for the year (in AED'000)	**18,987**	(76,530)
Number of ordinary shares outstanding	**154,000,000**	154,000,000
Basic and diluted profit/(loss) per share (in AED)	**0.123**	(0.497)

Diluted profit/(loss) per share as of 31 December 2024 and 31 December 2023 are equivalent to basic loss per share as the Company did not issue any new instrument that would impact loss per share when executed.

28 ZAKAT

For the year ended 31 December 2024, Zakat amounting AED per share will not be borne by the Company on behalf of shareholders AED 0.0042 per share (2023: AED 0.0029 per share).

29 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to comply with the takaful capital requirements required by UAE Federal Law No. 6 of 2007, as amended. The Company manages its capital on a basis of its minimum regulatory capital position presented in the table below:
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

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

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these solvency margins as defined in the Regulations. The Company has disclosed the solvency position for the immediately preceding period as the current year solvency position is not yet finalised.

	30 September 2024 AED'000 **(unaudited)**	*31 December 2023 AED'000*
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**29,574**	29,415
Minimum Guarantee Fund (MGF)	**18,968**	22,723
Basic Own Funds	**170,913**	154,146
MCR Solvency Margin - Surplus	**70,913**	54,146
SCR Solvency Margin - Surplus	**141,339**	124,731
MGF Solvency Margin – Surplus	**151,945**	131,423

29 CAPITAL RISK MANAGEMENT (continued)

In accordance with Circular number CBUAE/BIS/2023/6163 of CBUAE dated 15 December 2023, the assets which are not in the Company's name should not be considered as admissible in regulatory statement of financial position. In the reported solvency figures as at 31 December 2024 AED Nil (2023: AED Nil) as mentioned above, assets are not in the name of the Company and owned by a related party (refer to note 12).

Based on the Central Bank of UAE regulatory requirements, the minimum regulatory capital required is AED 100,000 thousand (31 December 2023: AED 100,000 thousand) against which the paid up capital of the Company is AED 154,000 thousand (31 December 2023: AED 154,000 thousand).

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

30 FINANCIAL INSTRUMENTS

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful assets and takaful liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its takaful contracts. The most important components of this financial risk are profit rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and financial liabilities are profit rate risk and equity price risk.

Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Categories of financial instruments

	2024	*2023*
	AED'000	*AED'000*
Financial assets		
Investments carried at FVTOCI (note 5)	**19,249**	30,239
Investments carried at at FVTPL (note 5)	**545**	557
Investments at amortised cost (note 5)	**83,171**	-
Statutory deposits	**10,000**	10,000
Retakaful contact assets	**51,920**	17,166
Other receivables	**6,230**	4,994
Cash and bank balances (note 6)	**141,832**	204,163
Total financial assets	**312,947**	267,119
Financial liabilities		
Takaful & retakaful contract liabilities	**182,261**	149,297
Other liabilities	**13,938**	9,312
Total financial liabilities	**196,199**	158,609

Management considers that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

31 RISK MANAGEMENT

Takaful risk
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 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 Company faces under its takaful contracts is that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insured events are random, and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar 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 Company 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 Company 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.

Frequency and severity of claims
The Company 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 Company 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 Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

Frequency and severity of claims
The retakaful arrangements include excess and catastrophe coverage. The effect of such retakaful arrangements is that the Company should not suffer net takaful losses of a set limit of AED AED 1,500,000 (2023: AED 500,000) AED 30,000 (2023: AED 30,000) and AED 1,500,000 (2023: AED 1,000,000) in any one claim for motor, medical and other non-motor respectively. The Company 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 every year and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments
Claims on takaful contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty compared to the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the takaful company 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 Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

31 RISK MANAGEMENT (continued)

Takaful risk (continued)

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

The amount of 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 reporting period.

Where possible, the Company 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.

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. The initial estimate of the loss ratios used for the current year (before retakaful) are analysed below by type of risk where the insured operates for current and prior year contribution earned.

Type of risk

	2024	*2023*
Motor	**55.76%**	226%
Medical	**78.69%**	101%
General	**47.66%**	16%

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

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

Concentration of risks
The takaful risk arising from takaful contracts is concentrated mainly in the United Arab Emirates.

The table on next page sets out the concentration of contract liabilities by type of contract:

2024	***Gross liabilities AED'000***	***Retakaful share of liabilities AED'000***	***Net liabilities AED'000***
Motor	**63,145**	**(9,106)**	**54,039**
Medical & group family takaful	**36,498**	**(6,086)**	**30,412**
General	**82,379**	**(36,489)**	**45,890**
Total	**182,022**	**(51,681)**	**130,341**

31 RISK MANAGEMENT (continued)

Takaful risk (continued)

Concentration of risks (continued)

2023	*Gross liabilities AED'000*	*Retakaful share of liabilities AED'000*	*Net liabilities AED'000*
Motor	96,500	(1,564)	94,936
Medical & group family takaful	27,465	(8,142)	19,323
General	23,985	(6,113)	17,872
Total	147,950	(15,819)	132,131

Claims development table – Gross

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

Accident year	*2020 AED'000*	*2021 AED'000*	*2022 AED'000*	*2023 AED'000*	***2024 AED***	***Total AED***
At the end of accident year	95,750	78,268	119,224	137,496	**124,862**	**555,600**
One year later	88,751	74,944	120,825	108,482	-	**393,002**
Two years later	88,724	79,518	119,207	-	-	**287,449**
Three years later	90,692	76,505	-	-	-	**167,197**
Four years later	88,276	-	-	-	-	**88,276**
Current estimate of cumulative claims	**88,276**	**76,505**	**119,207**	**108,482**	**124,862**	**517,332**
Cumulative payments to date	**(88,222)**	**(75,582)**	**(117,705)**	**(99,324)**	**(46,644)**	**(427,477)**
	54	**923**	**1,502**	**9,158**	**78,218**	**89,855**
Effect of discounting						**(2,648)**
Effect of risk adjustment						**3,244**
Others						**(3,325)**
Total liabilities for incurred claims						**87,126**

31 RISK MANAGEMENT (continued)

Takaful risk (continued)

Concentration of risks (continued)

Claim development table – Net
The following table reflects the Net cumulative incurred claims, including both claims notified and claims incurred but not reported (IBNR) for each successive accident year at each statement of financial position date, together with cumulative payments to date:

Accident year	*2020 AED'000*	*2021 AED'000*	*2022 AED'000*	*2023 AED'000*	***2024 AED***	***Total AED***
At the end of accident year	61,389	64,498	98,800	120,114	**73,041**	**417,842**
One year later	56,497	61,638	102,347	95,860	**-**	**316,342**
Two years later	55,425	62,161	100,993	-	**-**	**218,579**
Three years later	55,469	61,414	-	-	**-**	**116,883**
Four years later	55,339	-	-	-	**-**	**55,339**
Current estimate of cumulative claims	**55,339**	**61,414**	**100,993**	**95,860**	**73,041**	**386,647**
Cumulative payments to date	**(55,336)**	**(61,007)**	**(99,833)**	**(88,919)**	**(31,679)**	**(336,774)**
	3	**407**	**1,160**	**6,941**	**41,362**	**49,873**
Effect of discounting						**(4,156)**
Total liabilities for incurred claims						**45,717**

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

To minimise its exposure to significant losses from retakaful insolvencies, the Company evaluates the financial condition of its retakaful companies 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 Company from its obligations to participants. The Company remains liable to its participants for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the retakaful agreements.

31 RISK MANAGEMENT (continued)

Takaful risk (continued)

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

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

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

2024	***Change in assumptions***	***Impact on net profit gross of retakaful AED'000***	***Impact on net profit net of retakaful AED'000***	***Impact on equity gross of retakaful AED'000***	***Impact on equity net of retakaful AED'000***
Weighted average term to settlement	**+10%**	**255**	**135**	**255**	**135**
Expected loss	**+10%**	**8,801**	**4,560**	**8,801**	**4,560**
Inflation rate	**+1%**	**26**	**14**	**26**	**14**
Weighted average term to settlement	**-10%**	**(255)**	**(135)**	**(255)**	**(135)**
Expected loss	**-10%**	**(8,801)**	**(4,560)**	**(8,801)**	**(4,560)**
Inflation rate	**-1%**	**(26)**	**(14)**	**(26)**	**(14)**

2023	*Change in assumptions*	*Impact on net profit gross of reinsurance AED'000*	*Impact on net profit net of reinsurance AED'000*	*Impact on equity gross of reinsurance AED'000*	*Impact on equity net of reinsurance AED'000*
Weighted average term to settlement	+10%	273	191	273	191
Expected loss	+10%	9,619	6,985	9,619	6,985
Inflation rate	+1%	27	19	27	19
Weighted average term to settlement	-10%	(273)	(191)	(273)	(191)
Expected loss	-10%	(9,619)	(6,985)	(9,619)	(6,985)
Inflation rate	-1%	(27)	(19)	(27)	(19)

Financial risk

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

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

31 RISK MANAGEMENT (continued)

Financial risk (continued)

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

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

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

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

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

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

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

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

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

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

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

31 RISK MANAGEMENT (continued)

Financial risk (continued**)**

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

2024	***Less than 90 days AED'000***	***91-180 days AED'000***	***181-365 days AED'000***	***Above 365 days AED'000***	***Total AED'000***
Financial assets					
At FVTOCI (note 5)	**-**	**-**	**-**	**19,249**	**19,249**
At FVTPL (note 5)	**-**	**-**	**-**	**545**	**545**
At amortized cost (note 5)	**-**	**-**	**-**	**83,171**	**83,171**
Statutory deposits	**-**	**-**	**-**	**10,000**	**10,000**
Retakaful contract assets	**28,954**	**8,735**	**7,582**	**6,649**	**51,920**
Other receivables	**4,344**	**1,071**	**653**	**162**	**6,230**
Cash and bank balances - profit bearing	**22,428**	**27,560**	**83,452**	**-**	**133,440**
Cash and bank balances - non-profit bearing	**8,392**	**-**	**-**	**-**	**8,392**
	64,118	**37,366**	**91,687**	**119,776**	**312,947**
Financial liabilities					
Takaful and retakaful contract liabilities	**87,420**	**39,380**	**32,647**	**22,814**	**182,261**
Other liabilities	**8,100**	**1,692**	**1,941**	**2,205**	**13,938**
	95,520	**41,072**	**34,588**	**25,019**	**196,199**

2023	*Less than 90 days AED'000*	*91-180 days AED'000*	*181-365 days AED'000*	*Above 365 days AED'000*	*Total AED'000*
Financial assets					
At FVTOCI (note 5)	-	-	-	30,239	30,239
At FVTPL (note 5)	-	-	-	557	557
Statutory deposits	-	-	-	10,000	10,000
Retakaful contract assets	17,166	-	-	-	17,166
Other receivables	2,979	1,308	234	473	4,994
Cash and bank balances - profit bearing	45,791	49,104	18,500	90,487	203,882
Cash and bank balances - non-profit bearing	281	-	-	-	281
	66,217	50,412	18,734	131,756	267,119
Financial liabilities					
Takaful and retakaful contract liabilities	149,297	-	-	-	149,297
Other liabilities	3,180	1,436	2,604	2,092	9,312
	152,477	1,436	2,604	2,092	158,609

31 RISK MANAGEMENT (continued)

Financial risk (continued)

Equity price risk

Sensitivity analysis
At the reporting date if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant the Company's statement of income/comprehensive income would have increased/decreased by AED 861 thousand (2023: AED 951 thousand).

Method and assumptions for sensitivity analysis

The sensitivity analysis has been done based on the exposure to equity price risk as at the end of the reporting period.

- As at the reporting date if equity prices are 10% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on statement of income and other comprehensive income has been shown above.

- A 10% change in equity prices has been used to give a realistic assessment as a plausible event.

32 FAIR VALUE MEASUREMENTS

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

Fair value of financial instruments carried at amortised cost
Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

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

Fair value measurements recognised in the statement of financial position
The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

32 FAIR VALUE MEASUREMENTS (continued)

Financial assets	Fair value as at 2024 AED'000	Fair value as at 2023 AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
<u>Financial assets at FVTOCI</u>						
Unquoted equity securities	**7,795**	8,698	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of investees, higher the fair value.
Unquoted equity securities	**270**	247	Level 3	Multiple base approach	Relative value	Higher the multiple based value of investees, higher the fair value.
Quoted debt Securities	**11,184**	21,293	Level 1	Quoted bid prices in an active market.	None	N/A
<u>Financial assets at FVTPL</u>						
Unquoted equity Securities	**545**	557	Level 3	Net assets valuation method	Net assets value	EV/EBITDA multiple for similar companies will directly impact the fair value calculation
<u>Financial assets at amortised cost</u>						
Quoted debt Securities	**83,171**	-	Level 1	Quoted bid prices in an active market.	None	N/A

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

33 CONTINGENT LIABILITIES

	2024 AED'000	*2023 AED'000*
Letters of guarantees	**10,579**	10,421

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

34 INTERNAL SHARIA SUPERVISORY COMMITTEE

The Company's business activities are subject to the supervision of its Internal Sharia Supervision Committee (ISSC) consisting of three members appointed by the shareholders. ISSC performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia rules and principles.

According to the Internal Sharia Supervision Committee, the Company is required to identify any income deemed to be derived from transactions not acceptable under Islamic Sharia rules and principles, as interpreted by Internal Sharia Supervision Committee, and to set aside such amount in a separate account for Shareholders who may resolve to pay the same for local charitable causes and activities.

35 RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures for the year ended 31 December 2023 have been reclassified for consistency with the current year presentation. This reclassification had no effect on the reported results of the Company.

To achieve better presentation, the Company's management has merger the intangible assets into the property and equipment on the Statement of financial position and in the corresponding note to the financial statements. Accordingly, the comparative figures of intangible assets for the year ended 31 December 2023 have been reclassified for consistency with the current year presentation.

31 December 2023	*As previously reported AED'000*	*Reclassification AED'000*	*As Reclassified AED'000*
Property & Equipment	**1,054**	**408**	**1,462**
Intangible assets	**408**	**(408)**	**-**
Total	**1,462**	**-**	**1,462**

36 SUBSEQUENT EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.