

**ABU DHABI NATIONAL
TAKAFUL COMPANY P.S.C.**

**Reports and financial statements
for the year ended 31 December 2024**

ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.

**Reports and financial statements
for the year ended 31 December 2024**

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**Directors' report
for the year ended 31 December 2024**

Dear Shareholders, peace be upon you,

It gives us pleasure to present to you the annual report on the company's activities and its audited financial statements for the year ended 31 December 2024, along with the Fatwa & Sharia'a Supervisory Board, independent auditor reports and a detailed corporate governance report complying with the corporate governance code of UAE Securities and Commodities Authority.

Summary of the company's performance and financial position for the financial year 2024:

- The total gross contributions reached AED 793 million as compared to AED 735 million for the last year.
- Net investment income and other income reached AED 54 million compared to AED 55 million for the last year.
- Shareholders net profit for the year ending 31 December 2024 is AED 83 million compared to AED 103 million for the prior year and earnings per share is AED 0.79 compared to AED 0.98 for the last year.
- Total Assets reached AED 1.56 billion compared to AED 1.27 billion at the end of prior year.
- Total cash, bank balances and deposits reached AED 571 million compared to AED 556 million at the end of prior year.
- Shareholder's equity on 31 December 2024 reached AED 494.6 million compared to AED 449.5 million end of prior year.

Valued Shareholders,

On this occasion, and on your behalf we extend profound gratitude and great appreciation to His Highness Sheikh Mohammed Bin Zayed Al Nahyan, President of UAE May Allah, the Almighty preserve him for his kind patronage to the Islamic insurance industry.

We would like also to express our sincere thanks and appreciation to the Fatwa & Sharia'a Supervisory Board members for their guidance to ensure that we fully abide by the glorious principles of Islamic Sharia'a, Insurance Authority division of Central Bank of United Arab Emirates as well as other concerned parties for their support and cooperation provided to us.

We also seize this opportunity to laud the efforts made by company staff members for their dedication and commitment for the sake of the company success and servicing our policyholders.

Furthermore, we extend our heartfelt thanks to our valued shareholders and other stakeholders inside and outside the UAE for their unlimited support to Abu Dhabi National Takaful Co. PSC.

Finally, we ask the Almighty Allah, to bless our activities and guide us to the right path.



Khamis Buharoon
Chairman of Board of Directors

INDEPENDENT AUDITOR'S REPORT

**The Shareholders of
Abu Dhabi National Takaful Company P.S.C.
Abu Dhabi
United Arab Emirates**

Report on the audit of the financial statements

Opinion

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

In our opinion, the accompanying financial statements 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 as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

**INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.
(continued)**

Key audit matters

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of takaful contract liabilities, takaful contract assets, re-takaful contract assets and re-takaful contract liabilities</i></p> <p>As at 31 December 2024, takaful contract liabilities, takaful contract assets, re-takaful contract assets and re-takaful contract liabilities amounted to AED 917 million, AED 0.01 million, AED 459 million and AED 48 million respectively, as detailed in notes 14 and 15 to the financial statements.</p> <p>A key element of the valuation of takaful contract liabilities, takaful contract assets, re-takaful contract assets and re-takaful contract liabilities is the Present value of future cash flows (“PVFCFs”). The PVFCFs is included in the liability for remaining coverage (“LRC”) and the liability for incurred claims (“LIC”) for contracts not measured under the Premium Allocation Approach (“PAA”) and the LIC for contracts measured under the PAA. As at 31 December 2024 this amounted to a net liability of AED 589 million for takaful contracts issued and a net asset of AED 322 million for re-takaful contracts held.</p> <p>The determination of the PVFCFs represents the Company’s expectations regarding future cash outflows minus cash inflows that will arise as the entity fulfils takaful contracts and involves actuarial models and several assumptions made by management. Its accuracy is dependent on the input data being correct and requires management to apply significant judgements, make significant estimates and use actuarial models. The risk of error arises as a result of inappropriate choice of actuarial methodologies, techniques and assumptions. Management used an external actuary to assist them in the aforementioned determination.</p>	<p>Our audit procedures included, inter alia, the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process adopted by management to value the takaful contract assets, re-takaful contract assets, takaful contract liabilities and re-takaful contract liabilities; • Assessing the key controls related to the integrity of the data used in the process of valuation of the PVFCFs to determine if they had been appropriately designed and implemented; • Evaluating and testing the data used in the process of valuation of the PVFCFs; • Testing samples of claims case reserves by comparing the estimated amount of the case reserve to appropriate documentation, such as reports from loss adjusters, confirmations obtained from lawyers, re-takaful contracts etc; • Evaluating the objectivity, skills, qualifications and competence of the independent external actuary and reviewing the terms of the actuary’s engagement with the Company to determine if the scope of his work was sufficient for audit purposes. <p>In addition, with the assistance of our internal actuarial specialists, we:</p> <ul style="list-style-type: none"> • Determined if the calculation methods and the model used were appropriate; • Assessed the following key assumptions: <ul style="list-style-type: none"> - loss ratios; - claims development factors; - mortality rates; - lapse rates; and - discount rates; • Determined if the estimates applied in the current and prior year were consistent; • Developed a point estimate or range based on our understanding of the Company's business, and evaluated the differences between management’s point estimate and our point estimate or range;

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.
(continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of takaful contract liabilities, takaful contract assets, re-takaful contract assets and re-takaful contract liabilities (continued)</i></p> <p>We considered the valuation of PVFCFs as a key audit matter due to the significant judgements applied and the associated uncertainties in the estimates made by management.</p> <p><i>Valuation of unquoted investments</i></p> <p>The Company has investments in unquoted equities and funds with a carrying value of AED 165 million as at 31 December 2024. These instruments are classified as financial assets at fair value through other comprehensive income.</p> <p>As disclosed in note 9 to the financial statements, the valuation of investments in unquoted equities uses inputs other than observable market data and therefore are inherently subjective. It also requires significant judgement to be applied by management in determining the appropriate valuation methodology and the use of various assumptions, for example future cash flows, discount rates, market risk adjustment etc.</p> <p>Management determines the fair value of these investments by internal valuations or by involving external experts (“management experts”) to provide independent valuations of the investments based on valuation techniques stipulated within IFRS Accounting Standards.</p> <p>Given the inherent subjectivity and judgment required in the valuation of unquoted investments, which are classified under level 3 of the fair value hierarchy, we determined this to be a key audit matter.</p>	<p>We also assessed the disclosures in the financial statement relating to this matter against the requirements of IFRS Accounting Standards.</p> <p>We established an audit approach which included both testing the design of internal controls over investments and substantive audit procedures. Our audit procedures in respect of this matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process adopted by management to determine the fair value of unquoted securities and assessed the design and implementation of controls over the valuation of unquoted securities. • Agreed the valuations performed by management to the amount reported in the financial statements. • Assessed the valuation methodology and estimates used in the valuations by consulting with our internal valuation specialists. • Agreed the inputs into the valuation to supporting documentation on a sample basis, where applicable. • Reperformed the arithmetical accuracy of the valuations. • Assessed the competency, objectivity and capabilities of management’s experts and for a sample of valuations, evaluated the adequacy and appropriateness of their work with the assistance of our valuation experts. • Reviewed the engagement letter with management’s experts to determine if their scope was sufficient for audit purposes. • Assessed the disclosures in the financial statements relating to this matter against the requirements of IFRS Accounting Standards.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.
(continued)**

Other Information

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

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

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

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of the articles of association of the Company, United Arab Emirates (U.A.E.) 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 Directors' Decision No. (26) of 2014 pertinent to the Financial Regulations for Takaful Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.
(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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ABU DHABI NATIONAL TAKAFUL COMPANY P.S.C.
(continued)**

Report on Other Legal and Regulatory Requirements

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

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Company;
- v) as disclosed in Note 9 to the financial statements, the Company has investment in securities as at 31 December 2024;
- vi) Note 18 to the financial statements discloses material related party transactions and balances, 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, during the financial year ended 31 December 2024, contravened any of the applicable provisions of the UAE Federal Law No. 32 of 2021, or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2024; and
- viii) Note 34 to the financial statements discloses the social contributions made during the financial year ended 31 December 2024.

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.

Furthermore, as required by the CBUAE Insurance Reporting Requirements for 2024, Note 9 to the financial statements discloses information about certain financial assets that are held by a custodians for and on behalf of the Company through investment agreements.

Deloitte & Touche (M.E.)



Signed by:
Nurani Subramanian Sundar
Registration No. 5540
27 March 2025
Abu Dhabi, United Arab Emirates

**Statement of financial position
as at 31 December 2024**

	Notes	31 December 2024	31 December 2023
		AED	AED
ASSETS			
Takaful operations assets			
Re-takaful contract assets	15	459,140,782	185,582,217
Takaful contract assets	14	10,584	1,208,981
Prepaid expenses and other assets	13	24,458,416	44,193,000
Unit linked investments at fair value through profit or loss		393,337	1,576,487
Term deposits	5	412,064,840	461,359,871
Cash and bank balances	5	137,347,595	27,728,110
		<hr/>	<hr/>
Total takaful operations assets		1,033,415,554	721,648,666
		<hr/>	<hr/>
Shareholders' assets			
Property and equipment	6	19,706,474	20,882,342
Right of use assets	7	9,920,554	-
Statutory deposit	8	10,000,000	10,000,000
Financial assets measured at fair value through other comprehensive income	9	348,325,400	352,579,538
Financial assets measured at amortized cost	10	10,283,000	10,283,000
Investment properties	11	41,115,000	53,535,000
Investment in commodities	12	30,804,570	15,597,187
Prepaid expenses and other assets	13	31,855,695	13,816,682
Deferred tax asset	35	763,158	-
Term deposits	5	2,310,000	59,317,243
Cash and bank balances	5	19,244,696	8,045,041
		<hr/>	<hr/>
Total shareholders' assets		524,328,547	544,056,033
		<hr/>	<hr/>
TOTAL ASSETS		1,557,744,101	1,265,704,699
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY			
Takaful operations liabilities			
Takaful contract liabilities	14	839,280,880	618,813,837
Re-takaful contract liabilities	15	47,842,661	20,596,543
Accrued expenses and other liabilities	16	32,930,563	24,075,506
		<hr/>	<hr/>
Total takaful operations liabilities		920,054,104	663,485,886
		<hr/>	<hr/>

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

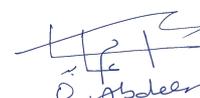
**Statement of financial position
as at 31 December 2024 (continued)**

	Notes	31 December 2024 AED	31 December 2023 AED
Shareholders' liabilities			
Accrued expenses and other liabilities	16	119,056,834	139,044,562
Deferred tax liability	35	553,169	-
Lease liability	17	9,501,999	-
Provision for end of service benefits	18	13,989,707	13,722,727
		<hr/>	<hr/>
Total shareholders' liabilities		143,101,709	152,767,289
		<hr/>	<hr/>
Total liabilities		1,063,155,813	816,253,175
		<hr/>	<hr/>
Policyholders' fund			
Deficit of family policyholders takaful fund	19	(8,058,376)	(16,769,788)
Deficit of general policyholders takaful fund	19	(27,884,783)	(1,220,609)
Loan (Qard Hasan) from shareholders	19	35,943,159	17,990,397
		<hr/>	<hr/>
Total Policyholders' fund		-	-
		<hr/>	<hr/>
Shareholders' equity			
Share capital	22	105,000,000	105,000,000
Legal reserve	23	52,500,000	52,500,000
General reserve	24	42,500,000	42,500,000
Re-takaful default reserve	25	10,067,414	7,627,958
Investment revaluation reserve		(55,650,672)	(53,578,630)
Retained earnings		340,171,546	295,402,196
		<hr/>	<hr/>
Total shareholders' equity		494,588,288	449,451,524
		<hr/>	<hr/>
TOTAL LIABILITIES, POLICYHOLDERS' FUND AND SHAREHOLDERS' EQUITY		1,557,744,101	1,265,704,699
		<hr/> <hr/>	<hr/> <hr/>

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Company.



Khamis Buharoon
Chairman of the Board of Directors



Osama Abdeen
Chief Executive Officer

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

**Statement of profit or loss
for the year ended 31 December 2024**

	<i>Notes</i>	2024 AED	2023 AED
Attributable to policyholders			
Takaful revenue	26	756,906,266	672,453,727
Takaful service expense	27	(770,164,752)	(501,480,251)
Allocation of re-takaful contributions paid	28	(431,190,719)	(379,234,065)
Amounts recovered from re-takaful contracts	28	419,296,228	214,773,894
		<hr/>	<hr/>
Takaful service result		(25,152,977)	6,513,305
Investment income	29	23,404,652	18,608,649
Mudareb share	33	(8,191,628)	(6,513,027)
Takaful finance expenses for takaful contracts issued	30	(12,682,101)	(16,958,030)
Re-takaful finance income for re-takaful contracts held	31	10,491,788	13,529,978
		<hr/>	<hr/>
Net financial takaful result		13,022,711	8,667,570
		<hr/>	<hr/>
Other expenses, net		(5,822,496)	(2,844,418)
		<hr/>	<hr/>
(Deficit)/surplus of takaful result for the year		(17,952,762)	12,336,457
		<hr/> <hr/>	<hr/> <hr/>
Attributable to shareholders			
Shareholders' investment and other income, net	32	30,626,933	36,857,289
Mudareb share from policyholders	33	8,191,628	6,513,027
Wakalah fees from policyholders	33	208,597,348	169,589,291
Takaful expense		(71,371,178)	(64,181,799)
General and administrative expenses	34	(67,289,852)	(58,071,992)
(Increase)/decrease in provision of loan (Qard Hasan) from shareholders	19	(17,952,762)	12,336,457
		<hr/>	<hr/>
Profit for the year before taxation		90,802,117	103,042,273
		<hr/> <hr/>	<hr/> <hr/>
Income tax expense	35	(7,717,327)	-
		<hr/>	<hr/>
Profit for the year after taxation	36	83,084,790	103,042,273
		<hr/> <hr/>	<hr/> <hr/>
Basic and diluted earnings per share	37	0.79	0.98
		<hr/> <hr/>	<hr/> <hr/>

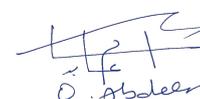
The accompanying notes form an integral part of these financial statements.

**Statement of financial position – conventional presentation
as at 31 December 2024**

	Notes	31 December 2024 AED	31 December 2023 AED
ASSETS			
Property and equipment	6	19,706,474	20,882,342
Right of use assets	7	9,920,554	-
Statutory deposit	8	10,000,000	10,000,000
Financial assets measured at fair value through other comprehensive income	9	348,325,400	352,579,538
Financial assets measured at amortized cost	10	10,283,000	10,283,000
Investments properties	11	41,115,000	53,535,000
Investment in commodities	12	30,804,570	15,597,187
Prepaid expenses and other assets	13	56,314,111	58,009,682
Deferred tax asset	35	763,158	-
Re-takaful contract assets	15	459,140,782	185,582,217
Takaful contract assets	14	10,584	1,208,981
Unit linked investments at fair value through profit or loss		393,337	1,576,487
Term deposits	5	414,374,840	520,677,114
Cash and bank balances	5	156,592,291	35,773,151
TOTAL ASSETS		1,557,744,101	1,265,704,699
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Accrued expenses and other liabilities	16	74,491,229	90,897,104
Deferred tax liability	35	553,169	-
Lease liability	17	9,501,999	-
Provision for end of service benefits	18	13,989,707	13,722,727
Takaful contract liabilities	14	916,777,048	691,036,801
Re-takaful contract liabilities	15	47,842,661	20,596,543
Total liabilities		1,063,155,813	816,253,175
Shareholders' equity			
Share capital	22	105,000,000	105,000,000
Legal reserve	23	52,500,000	52,500,000
General reserve	24	42,500,000	42,500,000
Re-takaful default reserve	25	10,067,414	7,627,958
Investment revaluation reserve		(55,650,672)	(53,578,630)
Retained earnings		340,171,546	295,402,196
Total shareholders' equity		494,588,288	449,451,524
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,557,744,101	1,265,704,699



Khamis Buharoon
Chairman of the Board of Directors



Osama Abdeen
Chief Executive Officer

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

**Statement of profit or loss – conventional presentation
for the year ended 31 December 2024**

	<i>Notes</i>	2024 AED	2023 AED
Takaful revenue	26	756,906,266	672,453,727
Takaful service expense	27	(632,938,582)	(396,072,759)
Allocation of re-takaful contributions paid	28	(431,190,719)	(379,234,065)
Amounts recovered from re-takaful contracts	28	419,296,228	214,773,894
		<hr/>	<hr/>
Takaful service result		112,073,193	111,920,797
Investment income	29 & 32	54,031,585	55,465,938
Takaful finance expenses for takaful contracts issued	30	(12,682,101)	(16,958,030)
Re-takaful finance income for re-takaful contracts held	31	10,491,788	13,529,978
		<hr/>	<hr/>
Net financial takaful result		51,841,272	52,037,886
		<hr/>	<hr/>
Other expenses, net		(5,822,496)	(2,844,418)
General and administrative expenses	34	(67,289,852)	(58,071,992)
		<hr/>	<hr/>
Profit for the year before taxation		90,802,117	103,042,273
		<hr/>	<hr/>
Income tax expense	35	(7,717,327)	-
		<hr/>	<hr/>
Profit for the year after taxation	36	83,084,790	103,042,273
		<hr/>	<hr/>
Basic and diluted earnings per share	37	0.79	0.98
		<hr/>	<hr/>

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

**Statement of comprehensive income
for the year ended 31 December 2024**

	2024	2023
	AED	AED
Profit for the year	83,084,790	103,042,273
	<hr/>	<hr/>
Other comprehensive income:		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of equity investments measured at fair value through other comprehensive income, net of tax	857,432	(35,921,021)
Board of Director's remuneration, net of tax	(6,552,000)	(6,448,826)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of sukuk investments measured at fair value through other comprehensive income, net of tax	(655,994)	390,333
	<hr/>	<hr/>
Total other comprehensive loss for the year	(6,350,562)	(41,979,514)
	<hr/>	<hr/>
Total comprehensive income for the year	76,734,228	61,062,759
	<hr/> <hr/>	<hr/> <hr/>

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

Abu Dhabi National Takaful Company P.S.C.
Statement of changes in shareholders' equity
for the year ended 31 December 2024

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	Share capital AED	Legal reserve AED	General reserve AED	Re-takaful default Reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2024	105,000,000	52,500,000	42,500,000	7,627,958	(53,578,630)	295,402,196	449,451,524
Profit for the year	-	-	-	-	-	83,084,790	83,084,790
Other comprehensive loss for the year	-	-	-	-	201,438	(6,552,000)	(6,350,562)
Total comprehensive income for the year	-	-	-	-	201,438	76,532,790	76,734,228
Gain on disposal of financial assets classified at fair value through other comprehensive income, net of tax	-	-	-	-	(2,273,480)	2,176,016	(97,464)
Transfer to re-takaful default reserve	-	-	-	2,439,456	-	(2,439,456)	-
Dividends paid (note 21)	-	-	-	-	-	(31,500,000)	(31,500,000)
Balance at 31 December 2024	105,000,000	52,500,000	42,500,000	10,067,414	(55,650,672)	340,171,546	494,588,288
Balance at 1 January 2023	105,000,000	51,819,922	42,500,000	5,387,784	(20,866,807)	229,591,147	413,432,046
Profit for the year	-	-	-	-	-	103,042,273	103,042,273
Other comprehensive loss for the year	-	-	-	-	(35,530,688)	(6,448,826)	(41,979,514)
Total comprehensive income for the year	-	-	-	-	(35,530,688)	96,593,447	61,062,759
Loss on disposal of financial assets classified at fair value through other comprehensive income	-	-	-	-	2,818,865	(862,146)	1,956,719
Transfer to legal reserve	-	680,078	-	-	-	(680,078)	-
Transfer to re-takaful default reserve	-	-	-	2,240,174	-	(2,240,174)	-
Dividends paid (note 21)	-	-	-	-	-	(27,000,000)	(27,000,000)
Balance at 31 December 2023	105,000,000	52,500,000	42,500,000	7,627,958	(53,578,630)	295,402,196	449,451,524

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

Statement of cash flows for the year ended 31 December 2024

	2024 AED	2023 AED
OPERATING ACTIVITIES		
Profit for the period before taxation	90,802,117	103,042,273
Adjustments for:		
Depreciation of property and equipment	1,930,431	2,111,583
Depreciation of right of use asset	586,464	-
Investment and other income	(47,774,531)	(43,288,491)
Net movement in provision for end of service benefits	266,980	1,373,544
Net movement in expected credit loss	(108,181)	(856,303)
Movement in fair value of investments properties	(957,500)	(10,644,400)
Movement in fair value of commodities	(5,188,825)	(598,331)
Finance cost on takaful and re-takaful contracts, net	2,190,313	3,428,052
Finance cost on lease liability	81,981	-
Gain on disposal of investment properties	(562,500)	-
Gain on disposal of property and equipment	(2,548)	(78,413)
Operating profit before movements in working capital	41,264,201	54,489,514
Decrease/(increase) in prepaid and other assets	1,695,571	(13,125,720)
Increase in re-takaful contract assets	(263,066,777)	(37,341,824)
Decrease/(increase) in takaful contract assets	1,198,397	(1,208,981)
Decrease/(increase) in unit linked investments	1,183,150	(1,576,487)
Increase in takaful contract liabilities	213,058,146	112,758,377
Increase/(decrease) in re-takaful contract liabilities	27,246,118	(15,197,937)
(Decrease)/ increase in accrued expenses and other liabilities	(24,350,261)	58,919,972
Directors' remuneration paid	(6,448,826)	(1,637,930)
Net cash (used in)/generated from operating activities	(8,220,281)	156,078,984
INVESTING ACTIVITIES		
Net movement in investments	4,606,338	(79,699,948)
Purchase of investment properties	-	(25,040,600)
Proceeds from sale of investment properties	13,940,000	-
Purchase of commodities	(10,018,558)	(14,998,856)
Proceeds from sale of property and equipment	2,570	79,047
Purchase of property and equipment	(754,585)	(694,140)
Investment and other income received	47,774,531	43,288,491
Movement in term deposits	61,076,125	(80,280,364)
Net cash generated from/(used in) investing activities	116,626,421	(157,346,370)
FINANCING ACTIVITY		
Dividends paid	(31,500,000)	(27,000,000)
Lease payments	(1,087,000)	-
Net cash used in financing activity	(32,587,000)	(27,000,000)
Increase/(decrease) in cash and cash equivalents	75,819,140	(28,267,386)
Cash and cash equivalents at the beginning of the year	80,773,151	109,040,537
Cash and cash equivalents at the end of the year	156,592,291	80,773,151

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

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

1 Corporate information

Abu Dhabi National Takaful Company PSC (the “Company”) is a public shareholding company which was incorporated in Abu Dhabi, United Arab Emirates (“UAE”) on 16 November 2003. The Company is registered in accordance with the Federal Decree Law No. (32) of 2021. The Company is subject to the regulations of the U.A.E. Federal Law No. 48 of 2023 on concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates. and is registered in the Insurance Companies Register of the Central Bank of the UAE (“CBUAE”) (formerly, the UAE Insurance Authority (“IA”)) under registration number 071.

On 2 October 2023, the UAE Federal Decree Law No. 48 of 2023 regarding the regulation of Insurance activities was issued and came into effect on 30 November 2023 (the “New Insurance Law”) which repealed the UAE Federal Law No. 6 of 2007. The Companies must within a period not exceeding (6) six months from the date of the enforcement of its provisions from 30 November 2023 (“the transitional period”) comply with the provisions of the UAE Federal Decree Law No 48 of 2023. The Company complies with the requirements of the New Insurance Law.

The Company carries out takaful and retakaful activities of all classes in accordance with the provisions of the U.A.E. Federal Decree-Law No. 48 of 2023. The Company is domiciled and operates in the UAE and its registered address is P.O. Box 35335, Abu Dhabi, UAE.

2 Application of new and revised International Financial Reporting Standards (“IFRS”)

2.1 New and revised IFRS adopted in the financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements. The application of these revised IFRSs, did not have any material impact on the amounts reported for the current and prior periods,

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning or after</u>
Amendment to IFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	1 January 2024
Amendments to IAS 1 Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 Classification of liabilities as current or non-current	1 January 2024

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

2 Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning or after</u>
Amendments to IAS 21 — Lack of exchangeability Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025
IFRS 9 and IFRS 7 — Amendment regarding the classification and measurement of financial instrument	1 January 2026, earlier application is permitted
IFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027, earlier application is permitted
IFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027, earlier application is permitted
Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures (2011)	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company’s financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

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

3 Material accounting policy information

The material accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and applicable requirements of United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 and Federal Decree-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. (26) of 2014 pertinent to the Financial Regulations for Takaful Insurance Companies.

3.2 Basis of preparation

These financial statements have been prepared on the historical cost basis except for investment properties, investment in commodities and certain financial instruments that are measured at fair values as at the end of each reporting date, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements are presented in UAE Dirhams (AED) being the functional and presentation currency of the Company.

3.3 Takaful contracts issued and re-takaful contracts held

Takaful and re-takaful contracts issued classification

The Company issues takaful contracts in the normal course of business, under which it accepts significant takaful risk from its policyholders. 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 had not occurred. The Company also issues re-takaful contracts in the normal course of business to compensate other entities for claims arising from one or more takaful contracts issued by those entities.

Level of Aggregation

The Company identifies portfolios by aggregating takaful contracts that are subject to similar risks and managed together. In grouping takaful contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which takaful contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

3 Material accounting policy information (continued)

3.3 Takaful contracts issued and re-takaful contracts held (continued)

Recognition

Groups of takaful contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; or
- when the Company determines that a group of contracts becomes onerous.

Combination of takaful contracts

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single takaful contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Company is unable to measure one contract without considering the other

Separating components from takaful and re-takaful contracts

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

Contract boundary

The measurement of a group of takaful contracts includes all future cash flows expected to arise 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 policyholder to pay the contributions, or in which the Company has a substantive obligation to provide the policyholder with takaful contract services. A substantive obligation to provide takaful contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - i. 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
 - ii. The pricing of the contributions 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 are not recognised. Such amounts relate to future takaful contracts.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

3 Material accounting policy information (continued)

3.3 Takaful contracts issued and re-takaful contracts held (continued)

Measurement

The following table sets out the accounting policy choices adopted by the Company:

	Measurement models the option is allowed to be applied	IFRS 17 options	Adopted approach
Takaful acquisition cash flows	PAA	Where the coverage period of each contract in the group at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the takaful acquisition cashflows when incurred or amortizing them over the contract's coverage period.	Takaful acquisition cash flows are allocated to related groups of takaful contracts and amortised over the coverage period of the related group using a systematic and rational basis.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	PAA	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related contribution due date is no more than a year, an entity is not required to make an adjustment for accretion of profit on the LRC.	For all contracts measured under the PAA, there is no adjustment to reflect the time value of money and the effect of financial risk as the contributions are expected to be received within one year of the coverage period.
Liability for Incurred Claims ("LIC") adjusted for time value of money	PAA	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company discounts the LIC for the time value of money.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

3 Material accounting policy information (continued)

3.3 Takaful contracts issued and re-takaful contracts held (continued)

Measurement (continued)

The following table sets out the accounting policy choices adopted by the Company:

	Measurement models the option is allowed to be applied	IFRS 17 options	Adopted approach
Takaful finance income and expenses	All	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the P&L or OCI option) is applied on a portfolio basis.	For all contracts within the scope of IFRS 17 the Company includes all takaful finance income or expenses for the period in profit or loss.
Disaggregation of risk adjustment	All	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the takaful service result. Instead, it can choose to split the amount between the takaful service result and takaful finance income or expenses.	The Company does not disaggregate changes in the risk adjustment for non-financial risk between takaful service result and takaful finance income or expenses.
Presentation of income / (expense) from re-takaful contracts held	All	IFRS 17 allows options in presenting income or expenses from re-takaful contracts held, other than takaful finance income or expenses. An alternative would be to gross up this single amount and present separately the amounts recovered from the reinsurer (as income) and an allocation of the contribution paid (as re-takaful expenses) in line items separate from takaful revenue and takaful service expenses.	The Company elected to present separately the amounts recovered from re-takaful contracts and an allocation of re-takaful contributions paid.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

3 Material accounting policy information (continued)

3.3 Takaful contracts issued and re-takaful contracts held (continued)

Measurement (continued)

Takaful contracts measured under the premium allocation approach - Initial and Subsequent Measurement

The Company applies the premium allocation approach to all the takaful contracts (other than long term credit family takaful and individual family takaful contracts) that it issues and re-takaful contracts (other than those covering long term credit family takaful and individual family takaful contracts) that it holds as;

- The coverage period of each contract in the group is one year or less, including takaful contract services 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.

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

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,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for takaful acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of takaful contracts is recognised.

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
- Minus takaful acquisition cash flows
- Plus any amounts relating to the amortisation of the takaful acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as takaful revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment).

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****3 Material accounting policy information (continued)****3.3 Takaful contracts issued and re-takaful contracts held (continued)***Measurement (continued)**Takaful contracts measured under the premium allocation approach - Initial and Subsequent Measurement (continued)*

When facts and circumstances indicate that a group of contracts has become onerous, the Company performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Takaful contracts measured other than PAA - Initial and Subsequent Measurement

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Contributions and related cash flows
- Claims and benefits, including reported claims not yet paid and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of takaful acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Transaction-based taxes
- Other costs specifically chargeable to the policyholder under the terms of the contract

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

3 Material accounting policy information (continued)

3.3 Takaful contracts issued and re-takaful contracts held (continued)

Measurement (continued)

Takaful contracts measured other than PAA - Initial and Subsequent Measurement (continued)

The Company updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Company determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Company considers the most recent experience and earlier experience, as well as other information.

The measurement of fulfilment cash flows includes takaful acquisition cash flows which are allocated as a portion of contribution to profit or loss (through takaful revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time.

The CSM at the end of the reporting period represents the profit in the group of takaful contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of takaful contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- For contracts measured under the GMM, profit accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
 - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
 - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as takaful revenue because of the transfer of takaful contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

For direct participating contracts measured under the VFA, the Company adjusts the CSM for the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:

- a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in takaful service expenses) and creating a loss component; or
- an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in takaful service expenses).

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****3 Material accounting policy information (continued)****3.3 Takaful contracts issued and re-takaful contracts held (continued)***Measurement (continued)*

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from takaful revenue and takaful service expenses. Individual family unit linked contracts have explicit surrender values. The investment component excluded from takaful revenue and takaful service expenses is determined as the surrender value specified in the contractual terms less any surrender charges. All the other contracts issued by the Company do not contain investment components.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the contribution receipts (and any related cash flows such as takaful acquisition cash flows) and the estimate, at the beginning of the period, of the amounts expected. Differences related to contributions received (or due) related to current or past services are recognised immediately in profit or loss while differences related to contributions received (or due) for future services are adjusted against the CSM
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage. For contracts measured under the GMM these changes exclude those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any takaful finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

For contracts measured under the VFA changes in fulfilment cash flows that relate to future services and adjust the CSM are measured at current discount rates and include the changes in the effect of the time value of money and financial risks that do not arise from underlying items.

Where, during the coverage period, a group of takaful contracts becomes onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Company measures the carrying amount of a group of takaful contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Company comprising the fulfilment cash flows related to past service allocated to the group at that date.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

3 Material accounting policy information (continued)

3.3 Takaful contracts issued and re-takaful contracts held (continued)

Measurement (continued)

Re-takaful contracts held

Re-takaful contracts held are accounted for by applying IFRS 17 when they meet the definition of a takaful contract. This includes the condition that the contract must transfer significant takaful risk.

Re-takaful contracts transfer significant takaful risk only if they transfer to the reinsurer substantially all the takaful risk relating to the reinsured portions of the underlying takaful contracts, even if a re-takaful contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Portfolios of re-takaful contracts held are assessed for aggregation separately from portfolios of takaful contracts issued. Applying the grouping requirements to re-takaful contracts held, the Company aggregates re-takaful contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

A group of re-takaful contracts held is recognised as follows:

- If the re-takaful contracts provide proportionate coverage, the date the Company initially recognizes any underlying takaful contracts (onerous or not).
- In all other cases, at the beginning of the coverage period of the group of re-takaful contracts. However, if the Company recognises an onerous group of underlying takaful contracts on an earlier date and the related re-takaful contract was entered into before that earlier date, then the group of re-takaful contracts is recognised on that earlier date.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer shall end when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage

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

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****3 Material accounting policy information (continued)****3.3 Takaful contracts issued and re-takaful contracts held (continued)***Measurement (continued)**Re-takaful contracts held (continued)*

Where the Company recognises a loss on initial recognition of an onerous group of underlying takaful contracts or when further onerous underlying takaful contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of re-takaful contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying takaful contracts and the percentage of claims on the underlying takaful contracts the Company expects to recover from the group of re-takaful contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to takaful contracts covered by the group of re-takaful contracts held where some contracts in the underlying group are not covered by the group of re-takaful contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

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); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. 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.

Takaful acquisition cash flows

The Company includes takaful acquisition cash flows in the measurement of a group of takaful contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of takaful contracts to which the group belongs. These are essentially the Wakala Charges levied on each policy at time of inception.

Discount rates

The Company uses the bottom-up approach for the groups of contracts measured under PAA, GMM and VFA to derive the discount rates.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****3 Material accounting policy information (continued)****3.3 Takaful contracts issued and re-takaful contracts held (continued)***Measurement (continued)**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 an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach in the range of 60th to 70th percentile, adjusted for diversification. That is, the Company has assessed its indifference to uncertainty for all groups of contracts (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent in the range of 60th to 70th percentile confidence level, adjusted for diversification, 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.

The selection of Risk Adjustment percentile is linked to inherent volatility of underlying risk. For relatively stable lines (Motor and Medical), a 60th percentile has been chosen while for other lines a more conservative 70th percentile has been chosen.

Contractual service margin (CSM)

The CSM is a component of the asset or liability for the group of takaful contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of takaful contracts is recognised in profit or loss as takaful revenue in each period to reflect the takaful contract services provided under the group of takaful contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the takaful contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future

The number of coverage units in a group is the quantity of takaful contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. The coverage unit for the long-term credit family takaful is the expected claim cost. The coverage units for Unit-Linked portfolio are the expected sum at risk plus the cash value.

The total coverage units of each group of takaful contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For re-takaful contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****3 Material accounting policy information (continued)****3.3 Takaful contracts issued and re-takaful contracts held (continued)***Transition from IFRS 4 to IFRS 17*

On transition date, 1 January 2022, the Company:

- Applied the following approaches to identify, recognise and measure the groups of takaful contracts issued and re-takaful contracts held:
 - The full retrospective approach was used for groups of short-term takaful contracts issued and both long-term and short-term groups of re-takaful contracts held.
 - The full retrospective approach was used for groups of long-term Credit family takaful contracts issued unless this was impracticable, in which case either the modified retrospective approach or fair value approach was used.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in policyholder fund.

The Company assessed historical information available and determined that all reasonable and supportable information necessary to apply the full retrospective approach was not available for those groups of contracts for which the modified retrospective and fair value approaches were used.

Modified Retrospective Approach

The objective of the modified retrospective approach is to achieve the closest possible outcome to the full retrospective approach maximising the use of available information. In applying the modified retrospective approach the Company has used the following permitted modification to determine the CSM:

- Estimated historical discount rates applied to cash flows in the period prior to 2016 using an observable market interest curve based on discount rate applicable for 2016.

Fair Value Approach

Under the fair value approach, the CSM at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. In determining fair value, the Company applied the requirements of IFRS 13 Fair Value Measurement. Specifically, the fair value of the takaful contracts was measured as the sum of (a) the present value of the cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional margin.

Differences in the Company's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows gave rise to a CSM at 1 January 2022. In particular, in measuring fair value the Company included a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the takaful contracts. In determining this margin, the Company considered certain risks that were not reflected in the fulfilment cash flows, that a market participant would consider. When applying the fair value transition approach the Company determined the discount rate at the transition date.

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

3 Material accounting policy information (continued)

3.4 Revenue recognition

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the income statement.

Other income

Other income is accrued on a time basis, by reference to the principal outstanding and at the effective rate of return applicable.

3.5 Foreign currencies

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

Exchange differences are recognised in the statement of income in the period in which they arise.

3.6 Property and equipment

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

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

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

The principal annual rates used for this purpose are:

Building	3.33%
Furniture, fixtures and office equipment	20%
Computer equipment and accessories	20 - 33.33%
Motor vehicles	25%

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

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

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****3 Material accounting policy information (continued)****3.7 Investment properties**

Investment properties are held for the generation of income or capital appreciation and are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

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

3.8 Impairment of tangible assets

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

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

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

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

3.9 Provisions

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

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

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

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****3 Material accounting policy information (continued)****3.10 Income tax**

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

3.10.1 Current tax

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

3.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.10.3 Current and deferred tax for the year

Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.11 Leases

Leases are recognised as a right-of-use asset and a lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of profit on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate of 3% is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****3 Material accounting policy information (continued)****3.12 Employee benefits**

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

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

Pension contributions are made in respect of UAE national employees to the Abu Dhabi Pension Authority, calculated in accordance with Government regulations, such contributions are charged to the statement of income during the employees' period of service.

3.13 Financial assetsClassification and measurement

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

Cash and cash equivalents

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

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

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

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

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

Investments at fair value through profit or loss

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

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

3 Material accounting policy information (continued)

3.13 Financial assets (continued)

Derecognition of financial assets

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

Impairment of financial assets

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

a) Overview

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

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

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

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

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

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

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

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

3 Material accounting policy information (continued)

3.13 Financial assets (continued)

Impairment of financial assets (continued)

a) Overview (continued)

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

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

b) The calculation of ECLs

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

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

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon.
- The Exposure at Default ("EAD ") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to receive, including from the realisation of any collateral.

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

The mechanics of the ECL method are summarised below:

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

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

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

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

3 Material accounting policy information (continued)

3.13 Financial assets (continued)

Impairment of financial assets (continued)

Debt instruments measured at fair value through OCI

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

c) Forward looking information

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

- GDP growth
- Unemployment rates
- Central Bank base rates

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

3.14 Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Other liabilities and accruals

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

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

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****3 Material accounting policy information (continued)****3.14 Financial liabilities and equity instruments (continued)**Derecognition of financial liabilities

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

3.15 Investment in commodities

Investment in commodities, which are commodities held to for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment in commodities is measured at fair value. Gains or losses arising from changes in the fair value of investment commodities are included in profit or loss in the period in which they arise.

An investment commodity is derecognised upon disposal. Any gain or loss arising on derecognition of the commodity (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the commodity is derecognised.

3.16 Deficit in policyholders' fund

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

3.17 Dividends distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 Critical accounting judgments and key sources of estimation uncertainty

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

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

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****4 Critical accounting judgments and key sources of estimation uncertainty (continued)***Fair value of investment properties:*

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

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

Fair value of unquoted equity investments:

Fair valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments, net asset base of investee or other valuation models.

Assessment of significance of takaful risk:

The Company applies its judgement in assessing whether a contract transfers to the issuer significant takaful risk. A contract transfers significant takaful risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

Risk adjustment

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach in the range of 60th to 70th percentile, adjusted for diversification. That is, the Company has assessed its indifference to uncertainty for all groups of contracts (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent in the range of 60th to 70th percentile confidence level, adjusted for diversification, 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.

The selection of Risk Adjustment percentile is linked to inherent volatility of underlying risk. For relatively stable lines (Motor and Medical), a 60th percentile has been chosen while for other lines a more conservative 70th percentile has been chosen.

Onerous groups

The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

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

Time value of money

The Company adjusts the carrying amount of the takaful contracts liabilities and re-takaful contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts.

Under the bottom-up approach, the discount rate is determined as the risk-free yield and adjusted with a liquidity risk premium. The Company used the following yield curves to discount cash flows:

2024	Currency	1 year	5 year	10 year	20 year	30 year
Contracts under VFA	AED	5.95%	4.69%	4.64%	4.65%	4.42%
Contracts under GMM and PAA	AED	5.21%	5.05%	5.10%	5.13%	4.87%

2023	Currency	1 year	5 year	10 year	20 year	30 year
Contracts under VFA	AED	5.00%	5.00%	5.00%	5.00%	5.00%
Contracts under GMM and PAA	AED	5.95%	4.69%	4.64%	4.65%	4.42%

Liability for incurred claims for contracts measured under the PAA

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. 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 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. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Measurement of future cash flows for contracts not measured under the PAA

The measurement of a group of takaful contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and also from applicable law and regulation. Cash flows are considered to be outside of the contract boundary if the Company has the practical ability to reprice existing contracts to reflect their reassessed risks and if the contract's pricing for coverage up to the date of reassessment considers only the risks till that next reassessment date.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

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

Measurement of future cash flows for contracts not measured under the PAA (continued)

The following assumptions were used when estimating future cash flows:

- Mortality rates

Mortality risks are inherent in most lines of business. The assumptions are set based on the internal experience of the Company when there are sufficient volumes of data to support a credible investigation. When internal experience is not sufficient, the assumptions are set with reference to industry experience and commonly used tables.

- Lapse and surrender rates

Lapse and surrenders assumptions relate to the rate by which policyholders cancel/surrender their policies. The assumptions are set in line with recent Company experience, by adjusting for expected improvements/deteriorations where necessary.

5 Cash and cash equivalents

	31 December 2024 AED	31 December 2023 AED
Takaful operations assets		
Cash and bank balances	137,347,595	27,728,110
Term deposits	412,290,989	461,359,871
Expected credit loss	(226,149)	-
	<hr/>	<hr/>
	549,412,435	489,087,981
Less: term deposits with original maturity of more than three months	(412,290,989)	(435,359,871)
Add: Expected credit loss on term deposit	226,149	-
	<hr/>	<hr/>
Cash and cash equivalents	137,347,595	53,728,110
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

5 Cash and cash equivalents (continued)

	31 December 2024	31 December 2023
Shareholders' assets		
Cash and bank balances	19,244,696	8,045,041
Term deposits	2,310,000	59,317,243
	<hr/>	<hr/>
	21,554,696	67,362,284
Less: term deposits with original maturity of more than three months	(2,310,000)	(40,317,243)
	<hr/>	<hr/>
Cash and cash equivalents	19,244,696	27,045,041
	<hr/> <hr/>	<hr/> <hr/>
Takaful operations assets	137,347,595	53,728,110
Shareholders' assets	19,244,696	27,045,041
	<hr/>	<hr/>
	156,592,291	80,773,151
	<hr/> <hr/>	<hr/> <hr/>
Total cash and bank balances	156,592,291	35,773,151
	<hr/> <hr/>	<hr/> <hr/>
Total term deposits	414,374,840	520,677,114
	<hr/> <hr/>	<hr/> <hr/>

Term deposits represent deposits held with Islamic financial institutions in the UAE, are denominated in UAE dirhams and carry expected profit at the prevailing market rates ranging from 4.1% to 5.5% per annum (31 December 2023: 4.1% to 7% per annum).

Movement in expected credit loss are as follows:

	2024 AED	2023 AED
Opening balance	-	-
Provision during the year	226,149	-
	<hr/>	<hr/>
Closing balance	226,149	-
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

6 Property and equipment

	Building AED	Furniture, fixtures and equipment AED	Computer equipment and accessories AED	Motor vehicles AED	Total AED
Cost					
At 1 January 2024	25,196,436	9,753,211	9,242,789	1,220,716	45,413,152
Additions	-	70,980	683,605	-	754,585
Disposals	-	(13,680)	(34,469)	-	(48,149)
	<u>25,196,436</u>	<u>9,810,511</u>	<u>9,891,925</u>	<u>1,220,716</u>	<u>46,119,588</u>
Accumulated depreciation					
At 1 January 2024	7,215,707	8,929,555	7,567,810	817,738	24,530,810
Charge for the year	841,644	235,008	717,170	136,609	1,930,431
Disposals	-	(13,677)	(34,450)	-	(48,127)
	<u>8,057,351</u>	<u>9,150,886</u>	<u>8,250,530</u>	<u>954,347</u>	<u>26,413,114</u>
Net carrying amount 31 December 2024	<u>17,139,085</u>	<u>659,625</u>	<u>1,641,395</u>	<u>266,369</u>	<u>19,706,474</u>
Cost					
At 1 January 2023	25,196,436	9,670,875	8,936,923	1,440,628	45,244,862
Additions	-	141,051	383,001	170,088	694,140
Disposals	-	(58,715)	(77,135)	(390,000)	(525,850)
	<u>25,196,436</u>	<u>9,753,211</u>	<u>9,242,789</u>	<u>1,220,716</u>	<u>45,413,152</u>
Accumulated depreciation					
At 1 January 2023	6,376,363	8,585,460	6,937,619	1,045,001	22,944,443
Charge for the year	839,344	402,341	707,162	162,736	2,111,583
Disposals	-	(58,246)	(76,971)	(389,999)	(525,216)
	<u>7,215,707</u>	<u>8,929,555</u>	<u>7,567,810</u>	<u>817,738</u>	<u>24,530,810</u>
Net carrying amount 31 December 2023	<u>17,980,729</u>	<u>823,656</u>	<u>1,674,979</u>	<u>402,978</u>	<u>20,882,342</u>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

7 Right of use asset

During the year, the Company has entered into a lease agreement. Below is the carrying amount of right of use asset recognized and movement during the year.

	31 December 2024 AED	31 December 2023 AED
As at 1 January	-	-
Addition during the year	10,507,018	-
Depreciation charged during the year	(586,464)	-
	<hr/>	<hr/>
As at 31 December	9,920,554	-
	<hr/> <hr/>	<hr/> <hr/>

8 Statutory deposit

In accordance with the requirements of the Federal Law No. (48) of 2023, the Company maintains a bank deposit of AED 10,000,000 which cannot be utilised without the consent of the UAE Central Bank. The statutory deposit is held with an Islamic bank in the UAE, a related party (note 20).

9 Financial assets measured at fair value through other comprehensive income

	31 December 2024 AED	31 December 2023 AED
Financial assets measured at fair value through other comprehensive income	348,325,400	352,579,538
	<hr/>	<hr/>
	31 December 2024 AED	31 December 2023 AED
<u>Shareholders' assets</u>		
Quoted securities		
- <i>Equity securities</i>	54,019,611	87,013,507
- <i>Sukuks</i>	129,790,705	86,260,040
Expected credit losses on Sukuk	(174,185)	(508,515)
	<hr/>	<hr/>
<i>Total quoted securities for shareholders assets</i>	183,636,131	172,765,032
	<hr/>	<hr/>
Unquoted securities		
- <i>Unlisted equities</i>	164,689,269	179,814,506
	<hr/>	<hr/>
<i>Total unquoted securities for shareholders assets</i>	164,689,269	179,814,506
	<hr/>	<hr/>
Total quoted and unquoted securities for shareholders assets	348,325,400	352,579,538
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

9 Financial assets measured at fair value through other comprehensive income (continued)

Movement in expected credit loss are as follows:

	2024	2023
	AED	AED
Opening balance	508,515	1,364,818
Reversals during the year	(334,330)	(856,303)
	<hr/>	<hr/>
Closing balance	174,185	508,515
	<hr/> <hr/>	<hr/> <hr/>
	31 December	31 December
	2024	2023
	AED	AED
Quoted securities	183,636,131	172,765,032
Unquoted securities	164,689,269	179,814,506
	<hr/>	<hr/>
	348,325,400	352,579,538
	<hr/> <hr/>	<hr/> <hr/>

Investments include AED 119.4 million (2023: AED 197.4 million) registered in the name of custodians who are holding these investments on behalf of the Company through investment agreements.

Unquoted equity securities are valued primarily based on net assets of the investees unless recent transactions provide evidence of the current fair value. The Company classified these as level 3 investments.

The geographical concentration of investments is as follows:

	31 December	31 December
	2024	2023
	AED	AED
Within UAE	133,044,992	164,891,912
Outside UAE	215,280,408	187,687,626
	<hr/>	<hr/>
Total investments	348,325,400	352,579,538
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

9 Financial assets measured at fair value through other comprehensive income (continued)

The movement in investments are as follows:

	2024	2023
	AED	AED
Opening balance	352,579,538	315,880,256
(Disposal)/addition during the year, net	(1,418,938)	69,411,105
(Gain)/loss on disposal of investments	(2,273,480)	2,818,865
Unrealized loss	(561,720)	(35,530,688)
	<hr/>	<hr/>
Closing balance	348,325,400	352,579,538
	<hr/> <hr/>	<hr/> <hr/>

10 Financial assets measured at amortized cost

	31 December	31 December
	2024	2023
	AED	AED
<u>Shareholders' assets</u>		
Unquoted securities		
- <i>Murabaha placement</i>	10,283,000	10,283,000
	<hr/>	<hr/>
Total securities for shareholders assets	10,283,000	10,283,000
	<hr/> <hr/>	<hr/> <hr/>

The geographical concentration of investments is as follows:

	31 December	31 December
	2024	2023
	AED	AED
Within UAE	-	-
Outside UAE	10,283,000	10,283,000
	<hr/>	<hr/>
Total investments	10,283,000	10,283,000
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

10 Financial assets measured at amortized cost (continued)

The movement in investments are as follows:

	2024	2023
	AED	AED
Opening balance	10,283,000	-
Addition during the year	-	10,283,000
	<hr/>	<hr/>
Closing balance	10,283,000	10,283,000
	<hr/> <hr/>	<hr/> <hr/>

11 Investment properties

	31 December	31 December
	2024	2023
	AED	AED
At 1 January	53,535,000	17,850,000
Addition during the year	-	25,040,600
Disposal during the year	(13,377,500)	-
Change in fair value	957,500	10,644,400
	<hr/>	<hr/>
	41,115,000	53,535,000
	<hr/> <hr/>	<hr/> <hr/>

The Company enters into operating leases for its investment properties. Amounts recognized in profit or loss in respect of investments properties are as follows:

	2024	2023
	AED	AED
Rental income from investment properties	2,737,787	930,953
Operating expenses for properties generating rental income	(1,167,371)	(269,427)
	<hr/>	<hr/>
Net income arising from investment properties	1,570,416	661,526
	<hr/>	<hr/>

Investment properties are stated at fair value which represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The investment properties were valued as at 31 December 2024 by independent valuers at AED 41,115,000 (2023: AED 53,535,000) using comparable method and investment method (also known as income approach) of valuation.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

11 Investment properties (continued)

The Comparable Method analyses recent sales transactions of similar properties in a similar location, applying adjustments to reflect differences to the property, including location, specification, age, design and layout.

The Investment Method analyses the market rent of similar properties in a similar location and applying capitalization rate on given rent. The capitalization rate applied to the income is implicit of factors such as rental growth, perceived covenant strength, in addition to the specification and location of the property. The investment properties are classified as Level 3. There were no transfers between Level 1 and 2 or to Level 3 during current and previous year.

There are no restrictions on the realisability of investment properties. The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

12 Investment in commodities

The Company has invested in physical gold and silver commodities which has been classified at fair value through profit and loss. The commodity market value is determined from the commodities market which is a secondary market and accordingly it has been classified under level 2 investment. There were no transfers between Level 1 and 3 or to Level 2 during current year. Movement in investment in commodities are as follows:

	31 December 2024 AED	31 December 2023 AED
At 1 January	15,597,187	-
Addition during the year	10,018,558	14,998,856
Change in fair value	5,188,825	598,331
	30,804,570	15,597,187

13 Prepaid expenses and other assets

	31 December 2024 AED	31 December 2023 AED
Prepayments	3,374,857	2,409,099
Accrued investment income	11,539,029	15,492,816
Other assets	41,400,225	40,107,767
	56,314,111	58,009,682
Takaful operations assets	24,458,416	44,193,000
Shareholders' assets	31,855,695	13,816,682
	56,314,111	58,009,682

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

14 Takaful contract assets and liabilities

Reconciliation of the liability for remaining coverage and the liability for incurred claims for takaful contracts

	LRC		LIC for contracts under PAA			Total AED
	Excluding loss components AED	Loss Components AED	LIC for contracts not measured under PAA AED	Present value of future cash flows AED	Risk adjustment for non-financial risk AED	
Opening takaful contract assets	(3,638,846)	-	-	2,271,137	158,728	(1,208,981)
Opening takaful contract liabilities	329,973,926	15,970,064	31,612,781	230,769,198	10,487,868	618,813,837
Net balance at 1 January 2024	326,335,080	15,970,064	31,612,781	233,040,335	10,646,596	617,604,856
Takaful revenue	(756,906,266)	-	-	-	-	(756,906,266)
Takaful service expenses						
Incurred benefits and expenses	-	-	21,025,049	572,249,085	9,898,249	603,172,383
Changes that relate to past service - adjustments to LIC	-	-	(12,886,147)	(8,199,994)	(11,381,885)	(32,468,026)
Losses on onerous contracts and reversal of those losses	-	(8,004,007)	-	-	-	(8,004,007)
Amortisation of takaful acquisition cash flows	207,464,402	-	-	-	-	207,464,402
Takaful service expenses	207,464,402	(8,004,007)	8,138,902	564,049,091	(1,483,636)	770,164,752
Takaful finance expenses through profit and loss	5,243,819	(79,556)	863,325	6,654,525	-	12,682,113
Net foreign exchange income or expense	13	(24)	(1)	-	-	(12)
Investment components	(3,348,717)	-	3,348,717	-	-	-
Total changes in statement of profit and loss	(547,546,749)	(8,083,587)	12,350,943	570,703,616	(1,483,636)	25,940,587
Cash flows						
Contributions received	791,374,698	-	-	-	-	791,374,698
Claims paid	-	-	(11,716,154)	(367,455,171)	-	(379,171,325)
Directly attributable expenses paid	-	-	(1,132,946)	-	-	(1,132,946)
Takaful acquisition cash flows	(215,345,574)	-	-	-	-	(215,345,574)
Total cash flow	576,029,124	-	(12,849,100)	(367,455,171)	-	195,724,853
Net balance at 31 December 2024	354,817,455	7,886,477	31,114,624	436,288,780	9,162,960	839,270,296
Closing takaful contract assets	(10,584)	-	-	-	-	(10,584)
Closing takaful contract liabilities	354,828,039	7,886,477	31,114,624	436,288,780	9,162,960	839,280,880
Net closing balance 31 December 2024	354,817,455	7,886,477	31,114,624	436,288,780	9,162,960	839,270,296

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

14 Takaful contract assets and liabilities (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for takaful contracts (continued)

	LRC		LIC for contracts under PAA			Total AED
	Excluding loss components AED	Loss Components AED	LIC for contracts not measured under PAA AED	Present value of future cash flows AED	Risk adjustment for non-financial risk AED	
Opening takaful contract assets	-	-	-	-	-	-
Opening takaful contract liabilities	288,012,562	20,679,495	32,694,778	142,506,272	5,204,323	489,097,430
Net balance at 1 January 2023	288,012,562	20,679,495	32,694,778	142,506,272	5,204,323	489,097,430
Takaful revenue	(672,453,727)	-	-	-	-	(672,453,727)
Takaful service expenses						
Incurred benefits and expenses	-	-	20,042,837	343,191,363	9,339,598	372,573,798
Changes that relate to past service - adjustments to LIC	-	-	(11,826,994)	(19,632,113)	(3,897,325)	(35,356,432)
Losses on onerous contracts and reversal of those losses	-	(4,715,093)	-	-	-	(4,715,093)
Amortisation of takaful acquisition cash flows	168,977,978	-	-	-	-	168,977,978
Takaful service expenses	168,977,978	(4,715,093)	8,215,843	323,559,250	5,442,273	501,480,251
Takaful finance expenses through profit and loss	11,137,313	5,664	1,032,785	4,782,280	-	16,958,042
Net foreign exchange income or expense	(1)	(2)	(9)	-	-	(12)
Total changes in statement of profit and loss	(492,338,437)	(4,709,431)	9,248,619	328,341,530	5,442,273	(154,015,446)
Cash flows						
Contributions received	746,433,473	-	-	-	-	746,433,473
Claims paid	-	-	(9,719,302)	(237,807,467)	-	(247,526,769)
Directly attributable expenses paid	-	-	(611,314)	-	-	(611,314)
Takaful acquisition cash flows	(215,772,518)	-	-	-	-	(215,772,518)
Total cash flow	530,660,955	-	(10,330,616)	(237,807,467)	-	282,522,872
Net balance at 31 December 2023	326,335,080	15,970,064	31,612,781	233,040,335	10,646,596	617,604,856
Closing takaful contract assets	(3,638,846)	-	-	2,271,137	158,728	(1,208,981)
Closing takaful contract liabilities	329,973,926	15,970,064	31,612,781	230,769,198	10,487,868	618,813,837
Net closing balance 31 December 2023	326,335,080	15,970,064	31,612,781	233,040,335	10,646,596	617,604,856

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

14 Takaful contract assets and liabilities (continued)

Reconciliation of measurement component of takaful contract balances not measured under the PAA

	Present value of future cash flows AED	Risk adjustment for non- financial risk AED	CSM AED	Total AED
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	154,773,837	7,871,468	24,554,650	187,199,955
Net balance at 1 January 2024	154,773,837	7,871,468	24,554,650	187,199,955
Changes related to current services				
CSM recognized for service provided	-	-	(6,821,093)	(6,821,093)
Risk adjustment recognized for the risk expired	-	(1,072,826)	-	(1,072,826)
Experience adjustments	5,909,861	175,718	-	6,085,579
	5,909,861	(897,108)	(6,821,093)	(1,808,340)
Changes related to future services				
Contracts initially recognized in the period	(2,666,845)	333,186	3,124,678	791,019
Changes in estimates that adjust CSM	7,552,457	(960,031)	(6,592,426)	-
Changes in estimates that result in onerous contracts or reversal of losses	7,219,756	(223,481)	-	6,996,275
	12,105,368	(850,326)	(3,467,748)	7,787,294
Changes that relate to past service				
Changes that relate to past service - adjustments to LIC	(12,679,443)	(206,706)	-	(12,886,149)
Takaful Service result	5,335,786	(1,954,140)	(10,288,841)	(6,907,195)
Takaful finance expenses through profit and loss	5,012,071	-	1,015,520	6,027,591
Net foreign exchange income or expense	(22)	1	9	(12)
Total changes in statement of profit and loss	10,347,835	(1,954,139)	(9,273,312)	(879,616)
Cash flows				
Contribution received	2,780,101	-	-	2,780,101
Claims paid	(11,716,154)	-	-	(11,716,154)
Directly attributable expenses paid	(1,132,946)	-	-	(1,132,946)
Takaful acquisition cash flows	(2,658,912)	-	-	(2,658,912)
Total cash flow	(12,727,911)	-	-	(12,727,911)
Net balance at 31 December 2024	152,393,761	5,917,329	15,281,338	173,592,428
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	152,393,761	5,917,329	15,281,338	173,592,428
Net closing balance 31 December 2024	152,393,761	5,917,329	15,281,338	173,592,428

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

14 Takaful contract assets and liabilities (continued)

Reconciliation of measurement component of takaful contract balances not measured under the PAA

	Present value of future cash flows AED	Risk adjustment for non- financial risk AED	CSM AED	Total AED
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	174,102,928	9,371,704	30,896,030	214,370,662
Net balance at 1 January 2023	174,102,928	9,371,704	30,896,030	214,370,662
Changes related to current services				
CSM recognized for service provided	-	-	(9,960,292)	(9,960,292)
Risk adjustment recognized for the risk expired	-	(1,176,378)	-	(1,176,378)
Experience adjustments	4,520,544	63,276	-	4,583,820
	4,520,544	(1,113,102)	(9,960,292)	(6,552,850)
Changes related to future services				
Contracts initially recognized in the period	(5,213,958)	312,050	4,973,453	71,545
Changes in estimates that adjust CSM	3,041,002	(434,971)	(2,606,031)	-
Changes in estimates that result in onerous contracts or reversal of losses	435,981	(142,072)	-	293,909
	(1,736,975)	(264,993)	2,367,422	365,454
Changes that relate to past service				
Changes that relate to past service - adjustments to LIC	(11,704,854)	(122,140)	-	(11,826,994)
Takaful Service result	(8,921,285)	(1,500,235)	(7,592,870)	(18,014,390)
Takaful finance expenses through profit and loss	10,924,257	-	1,251,502	12,175,759
Net foreign exchange income or expense	2	(1)	(12)	(11)
Total changes in statement of profit and loss	2,002,974	(1,500,236)	(6,341,380)	(5,838,642)
Cash flows				
Contribution reversed	(7,877,555)	-	-	(7,877,555)
Claims paid	(9,719,284)	-	-	(9,719,284)
Directly attributable expenses paid	(611,314)	-	-	(611,314)
Takaful acquisition cash flows	(3,123,912)	-	-	(3,123,912)
Total cash flow	(21,332,065)	-	-	(21,332,065)
Net balance at 31 December 2023	154,773,837	7,871,468	24,554,650	187,199,955
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	154,773,837	7,871,468	24,554,650	187,199,955
Net closing balance 31 December 2023	154,773,837	7,871,468	24,554,650	187,199,955

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

14 Takaful contract assets and liabilities (continued)

Analysis of takaful contracts initially recognized

	31 December 2024			31 December 2023		
	Non- onerous contracts originated AED	Onerous contracts originated AED	Total AED	Non-onerous contracts originated AED	Onerous contracts originated AED	Total AED
Claims and other directly attributable expenses	2,440,029	3,754,446	6,194,475	11,488,255	2,089,267	13,577,522
Acquisition cost	2,397,484	-	2,397,484	2,883,831	-	2,883,831
Estimates of present value of future cash outflows	4,837,513	3,754,446	8,591,959	14,372,086	2,089,267	16,461,353
Estimates of present value of future cash inflows	(8,258,960)	(2,999,844)	(11,258,804)	(19,654,673)	(2,020,638)	(21,675,311)
Risk adjustment for non-financial risk	296,769	36,417	333,186	309,134	2,916	312,050
CSM	3,124,678	-	3,124,678	4,973,453	-	4,973,453
Increase in takaful contract liabilities from contracts recognised during the year	-	791,019	791,019	-	71,545	71,545

Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

Number of years until expected to be recognised	2024	2023
	Long term individual family takaful contracts issued AED	Long term individual family takaful contracts issued AED
As at 31 December		
0-1	4,306,889	5,536,898
1-2	2,859,681	3,441,554
2-3	1,721,049	2,316,050
3-4	1,010,630	1,617,841
4-5	787,086	1,365,043
>5	4,596,003	10,277,264
	15,281,338	24,554,650

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

14 Takaful contract assets and liabilities (continued)

Takaful revenue and CSM by transition method

	Contracts measured under the modified retrospective approach at transition AED	Contracts measured under the fair value approach at transition AED	New contracts and contracts measured under the full retrospective approach at transition AED	Total AED
Takaful revenue	103,611	12,188,054	12,148,111	24,439,776
Opening CSM as at 1 January 2024	37,468	15,357,914	9,159,268	24,554,650
Changes that relate to current service CSM recognised for the services provided	-	(871,763)	(5,949,330)	(6,821,093)
Changes that relate to future service Changes in estimates that adjust the CSM Effects of contracts initially recognised in period	(39,123) -	(8,505,015) -	1,951,712 3,124,678	(6,592,426) 3,124,678
Finance expenses from takaful contracts issued Net foreign exchange income or expense	1,655 -	496,097 -	517,768 9	1,015,520 9
Total amount recognised in profit or loss	(37,468)	(8,880,681)	(355,163)	(9,273,312)
Closing CSM as at 31 December 2024	-	6,477,233	8,804,105	15,281,338

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

14 Takaful contract assets and liabilities (continued)

Takaful revenue and CSM by transition method

	Contracts measured under the modified retrospective approach at transition AED	Contracts measured under the fair value approach at transition AED	New contracts and contracts measured under the full retrospective approach at transition AED	Total AED
Takaful revenue	115,479	14,095,342	13,820,028	28,030,849
Opening CSM as at 1 January 2023	37,429	18,844,661	12,013,940	30,896,030
Changes that relate to current service CSM recognised for the services provided	(6,035)	(1,578,243)	(8,376,014)	(9,960,292)
Changes that relate to future service Changes in estimates that adjust the CSM Effects of contracts initially recognised in period	4,450 -	(2,535,808) -	(74,673) 4,973,453	(2,606,031) 4,973,453
	4,450	(2,535,808)	4,898,780	2,367,422
Finance expenses from takaful contracts issued Net foreign exchange income or expense	1,624 -	627,304 -	622,574 (12)	1,251,502 (12)
Total amount recognised in profit or loss	39	(3,486,747)	(2,854,672)	(6,341,380)
Closing CSM as at 31 December 2023	37,468	15,357,914	9,159,268	24,554,650

For the purpose of preparing the statement financial position – conventional presentation, certain reclassifications were made within the Company’s total liabilities between takaful contract liabilities and accrued expenses and other liabilities.

	31 December 2024 AED	31 December 2023 AED
Takaful contract liabilities – takaful presentation	839,280,880	618,813,837
Add: deferred wakalah net of deferred acquisition cost – classified within accrued expenses and other liabilities in takaful presentation	77,496,168	72,222,964
Takaful contract liabilities – conventional presentation	916,777,048	691,036,801

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

15 Re-takaful contracts assets and liabilities

Reconciliation of changes in re-takaful contracts held by remaining coverage and incurred claims

	Remaining coverage excluding loss-recovery component AED	Remaining coverage loss- recovery component AED	Incurred claims for contracts not measured under PAA AED	Incurred claims for contract under PAA Present value of future cash flows AED	Risk adjustment for non- financial risk AED	Total AED
Opening re-takaful contract assets	21,357,697	5,969,851	30,284,182	121,880,032	6,090,455	185,582,217
Opening re-takaful contract liabilities	(56,075,412)	-	-	33,822,656	1,656,213	(20,596,543)
Net balance at 1 January 2024	(34,717,715)	5,969,851	30,284,182	155,702,688	7,746,668	164,985,674
Net income or expense from re-takaful contracts held						
Allocation of re-takaful contribution	(431,190,719)	-	-	-	-	(431,190,719)
Amounts recoverable for claims and other expenses	-	-	22,522,071	428,339,863	7,655,935	458,517,869
Changes that relate to past service – adjustments to AIC	-	-	(15,624,248)	(15,028,248)	(8,247,248)	(38,899,744)
Changes in loss recovery component	-	116,998	-	-	-	116,998
Effect of changes in the risk of reinsurers non-performance	(465,663)	-	(354)	27,122	-	(438,895)
Net (expense)/income from re-takaful contracts held	(431,656,382)	116,998	6,897,469	413,338,737	(591,313)	(11,894,491)
Re-takaful finance income through profit and loss	5,072,568	-	828,798	4,590,422	-	10,491,788
Net foreign exchange income or expense	5	(14)	9	-	-	-
Total changes in statement of profit and loss	(426,583,809)	116,984	7,726,276	417,929,159	(591,313)	(1,402,703)
Cash flows						
Contributions paid to re-takaful	502,360,355	-	-	-	-	502,360,355
Recoveries from re-takaful	-	-	(8,034,749)	(246,610,456)	-	(254,645,205)
Total cash flows	502,360,355	-	(8,034,749)	(246,610,456)	-	247,715,150
Net balance at 31 December 2024	41,058,831	6,086,835	29,975,709	327,021,391	7,155,355	411,298,121
Closing re-takaful contract assets	90,462,056	6,086,835	29,975,709	325,555,590	7,060,592	459,140,782
Closing re-takaful contract liabilities	(49,403,225)	-	-	1,465,801	94,763	(47,842,661)
Net closing balance 31 December 2024	41,058,831	6,086,835	29,975,709	327,021,391	7,155,355	411,298,121

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

15 Re-takaful contracts assets and liabilities (continued)

**Reconciliation of changes in re-takaful contracts held by remaining coverage and incurred claims
(continued)**

	Remaining coverage excluding loss-recovery component AED	Remaining coverage loss- recovery component AED	Incurred claims for contracts not measured under PAA AED	Incurred claims for contract under PAA Present value of future cash flows AED	Risk adjustment for non- financial risk AED	Total AED
Opening re-takaful contract assets	42,557,918	4,412,863	31,295,709	52,790,269	3,653,656	134,710,415
Opening re-takaful contract liabilities	(79,167,789)	-	-	42,990,510	382,799	(35,794,480)
Net balance at 1 January 2023	(36,609,871)	4,412,863	31,295,709	95,780,779	4,036,455	98,915,935
Net income or expense from re-takaful contracts held						
Allocation of re-takaful contribution	(379,234,065)	-	-	-	-	(379,234,065)
Amounts recoverable for claims and other expenses	-	-	18,811,720	96,877,028	4,465,791	120,154,539
Changes that relate to past service – adjustments to AIC	-	-	(11,329,578)	105,614,527	(755,578)	93,529,371
Changes in loss recovery component	-	1,556,988	-	-	-	1,556,988
Effect of changes in the risk of reinsurers non-performance	-	-	(7,331)	(459,673)	-	(467,004)
Net (expense)/income from re-takaful contracts held	(379,234,065)	1,556,988	7,474,811	202,031,882	3,710,213	(164,460,171)
Re-takaful finance income through profit and loss	9,006,911	-	988,962	3,534,115	-	13,529,988
Net foreign exchange income or expense	(2)	-	(8)	-	-	(10)
Total changes in statement of profit and loss	(370,227,156)	1,556,988	8,463,765	205,565,997	3,710,213	(150,930,193)
Cash flows						
Contributions paid to re-takaful	372,119,312	-	-	-	-	372,119,312
Recoveries from re-takaful	-	-	(9,475,292)	(145,644,088)	-	(155,119,380)
Total cash flows	372,119,312	-	(9,475,292)	(145,644,088)	-	216,999,932
Net balance at 31 December 2023	(34,717,715)	5,969,851	30,284,182	155,702,688	7,746,668	164,985,674
Closing re-takaful contract assets	21,357,697	5,969,851	30,284,182	121,880,032	6,090,455	185,582,217
Closing re-takaful contract liabilities	(56,075,412)	-	-	33,822,656	1,656,213	(20,596,543)
Net closing balance 31 December 2023	(34,717,715)	5,969,851	30,284,182	155,702,688	7,746,668	164,985,674

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

15 Re-takaful contracts assets and liabilities (continued)

Reconciliation of measurement component of re-takaful contract balances not measured under the PAA

	Present value of future cash flows AED	Risk adjustment for non- financial risk AED	CSM AED	Total AED
Opening re-takaful contract assets	(8,258,583)	5,969,015	22,576,597	20,287,029
Opening re-takaful contract liabilities	-	-	-	-
Net balance at 1 January 2024	(8,258,583)	5,969,015	22,576,597	20,287,029
Changes related to current services				
CSM recognized for services received	-	-	(5,502,710)	(5,502,710)
Risk adjustment recognized for the risk expired	-	(746,232)	-	(746,232)
Experience adjustments	9,250,517	166,232	-	9,416,749
	9,250,517	(580,000)	(5,502,710)	3,167,807
Changes related to future services				
Contracts initially recognized in the period	(3,121,701)	471,749	2,649,952	-
Changes in estimates that adjust CSM	2,044,344	(735,544)	(1,308,800)	-
Changes in loss recovery component	-	-	5,967,304	5,967,304
	(1,077,357)	(263,795)	7,308,456	5,967,304
Changes that relate to past service				
Changes that relate to past service - adjustments to AIC	(15,437,575)	(186,674)	-	(15,624,249)
Effect of changes in the risk of reinsurers non-performance	(466,017)	-	-	(466,017)
Takaful Service result	(7,730,432)	(1,030,469)	1,805,746	(6,955,155)
Takaful finance income through profit and loss	5,147,374	-	753,995	5,901,369
Net foreign exchange income or expense	6	-	(6)	-
Total changes in statement of profit and loss	(2,583,052)	(1,030,469)	2,559,735	(1,053,786)
Cash flows				
Contributions paid to re-takaful	13,817,603	-	-	13,817,603
Recoveries from re-takaful	(8,034,752)	-	-	(8,034,752)
Total cash flows	5,782,851	-	-	5,782,851
Net closing balance 31 December 2024	(5,058,784)	4,938,546	25,136,332	25,016,094
Closing re-takaful contract assets	(5,058,784)	4,938,546	25,136,332	25,016,094
Closing re-takaful contract liabilities	-	-	-	-
Net closing balance 31 December 2024	(5,058,784)	4,938,546	25,136,332	25,016,094

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

15 Re-takaful contracts assets and liabilities (continued)

Reconciliation of measurement component of re-takaful contract balances not measured under the PAA (continued)

	Present value of future cash flows AED	Risk adjustment for non- financial risk AED	CSM AED	Total AED
Opening re-takaful contract assets	(10,501,930)	6,949,320	17,304,271	13,751,661
Opening re-takaful contract liabilities	-	-	-	-
Net balance at 1 January 2023	(10,501,930)	6,949,320	17,304,271	13,751,661
Changes related to current services				
CSM recognized for services received	-	-	(4,288,097)	(4,288,097)
Risk adjustment recognized for the risk expired	-	(667,029)	-	(667,029)
Experience adjustments	6,002,060	56,312	-	6,058,372
	6,002,060	(610,717)	(4,288,097)	1,103,246
Changes related to future services				
Contracts initially recognized in the period	(4,111,597)	431,232	3,680,365	-
Changes in estimates that adjust CSM	(4,620,650)	(690,285)	5,310,935	-
	(8,732,247)	(259,053)	8,991,300	-
Changes that relate to past service				
Changes that relate to past service - adjustments to AIC	(11,219,044)	(110,534)	-	(11,329,578)
Effect of changes in the risk of reinsurers non-performance	(7,331)	-	-	(7,331)
Takaful Service result	(13,956,562)	(980,304)	4,703,203	(10,233,663)
Takaful finance income through profit and loss	9,426,758	-	569,118	9,995,876
Net foreign exchange income or expense	(14)	(1)	5	(10)
Total changes in statement of profit and loss	(4,529,818)	(980,305)	5,272,326	(237,797)
Cash flows				
Contributions paid to re-takaful	16,248,458	-	-	16,248,458
Recoveries from re-takaful	(9,475,293)	-	-	(9,475,293)
Total cash flows	6,773,165	-	-	6,773,165
Net closing balance 31 December 2023	(8,258,583)	5,969,015	22,576,597	20,287,029
Closing re-takaful contract assets	(8,258,583)	5,969,015	22,576,597	20,287,029
Closing re-takaful contract liabilities	-	-	-	-
Net closing balance 31 December 2023	(8,258,583)	5,969,015	22,576,597	20,287,029

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

15 Re-takaful contracts assets and liabilities (continued)

Analysis of re-takaful contracts held initially recognized

	31 December 2024			31 December 2023		
	Contracts originated not in a net gain position	Contracts originated in a net gain position	Total	Contracts originated not in a net gain position	Contracts originated in a net gain position	Total
	AED	AED	AED	AED	AED	AED
Estimates of present value of future cash inflows	3,780,501	60,130	3,840,631	5,775,012	981,060	6,756,072
Estimates of present value of future cash outflows	(6,904,267)	(58,065)	(6,962,332)	(9,937,661)	(930,008)	(10,867,669)
Risk adjustment for non-financial risk	471,669	80	471,749	428,999	2,233	431,232
CSM	2,652,097	(2,145)	2,649,952	3,733,650	(53,285)	3,680,365
Increase in retakaful contract liabilities from contracts recognised during the year	-	-	-	-	-	-

Expected recognition of the contractual service margin

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

Number of years until expected to be recognised	2024	2023
	Long term individual family re-takaful contracts issued AED	Long term individual family re-takaful contracts issued AED
As at 31 December		
0-1	5,380,511	4,232,178
1-2	3,843,032	3,199,028
2-3	2,604,700	2,171,914
3-4	1,851,086	1,523,120
4-5	1,555,134	1,308,523
>5	9,901,869	10,141,834
	25,136,332	22,576,597

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

15 Re-takaful contracts assets and liabilities (continued)

CSM by transition method

	Contracts measured under the modified retrospective approach at transition AED	Contracts measured under the fair value approach at transition AED	New contracts and contracts measured under the full retrospective approach at transition AED	Total AED
Opening CSM as at 1 January 2024	-	-	22,576,597	22,576,597
Changes that relate to current service				
CSM recognised for the services provided	-	-	(5,502,710)	(5,502,710)
Changes that relate to future service				
Changes in estimates that adjust the CSM	-	-	(1,308,800)	(1,308,800)
Effects of contracts initially recognised in period	-	-	2,649,952	2,649,952
Changes in recoveries of losses in onerous underlying contracts that adjust the CSM	-	-	5,967,304	5,967,304
Finance expenses from takaful contracts issued	-	-	753,995	753,995
Net foreign exchange income or expense	-	-	(6)	(6)
Total amount recognised in comprehensive income	-	-	2,559,735	2,559,735
Closing CSM as at 31 December 2024	-	-	25,136,332	25,136,332

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

15 Re-takaful contracts assets and liabilities (continued)

CSM by transition method

	Contracts measured under the modified retrospective approach at transition AED	Contracts measured under the fair value approach at transition AED	New contracts and contracts measured under the full retrospective approach at transition AED	Total AED
Opening CSM as at 1 January 2023	-	-	17,304,271	17,304,271
Changes that relate to current service				
CSM recognised for the services provided	-	-	(4,288,097)	(4,288,097)
Changes that relate to future service				
Changes in estimates that adjust the CSM	-	-	5,310,935	5,310,935
Effects of contracts initially recognised in period	-	-	3,680,365	3,680,365
Finance expenses from takaful contracts issued	-	-	8,991,300	8,991,300
Net foreign exchange income or expense	-	-	569,118	569,118
	-	-	5	5
Total amount recognised in comprehensive income	-	-	5,272,326	5,272,326
Closing CSM as at 31 December 2023	-	-	22,576,597	22,576,597

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

16 Accrued expenses and other liabilities

	31 December 2024 AED	31 December 2023 AED
Accrued expenses	1,509,267	2,726,432
Unearned rental income	2,205,317	2,561,189
Corporate income tax payable	7,193,212	-
Other liabilities	141,079,601	157,832,447
	151,987,397	163,120,068
	32,930,563	24,075,506
Takaful operations liabilities	119,056,834	139,044,562
Shareholders' liabilities	151,987,397	163,120,068

For the purpose of preparing the statement financial position – conventional presentation, certain reclassifications were made within the Company's total liabilities between takaful contract liabilities and accrued expenses and other liabilities.

	31 December 2024 AED	31 December 2023 AED
Accrued expenses and other liabilities – takaful presentation	151,987,397	163,120,068
Less: Deferred wakalah net of deferred acquisition cost – classified within accrued expenses and other liabilities in takaful presentation	(77,496,168)	(72,222,964)
Accrued expenses and other liabilities – conventional presentation	74,491,229	90,897,104

17 Lease liability

	2024 AED	2023 AED
At 1 January	-	-
Addition during the year	10,507,018	-
Finance cost accrued during the year	81,981	-
Payments made during the year	(1,087,000)	-
At 31 December	9,501,999	-

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

18 Provision for employee's end of service benefits

	2024	2023
	AED	AED
At 1 January	13,722,727	12,349,183
Charged during the year	1,710,596	1,699,853
Paid during the year	(1,443,616)	(326,309)
	<hr/>	<hr/>
At 31 December	13,989,707	13,722,727
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19 Movement in policyholders' funds

	Deficit of family policyholders' funds AED	Deficit of general policyholders takaful funds AED	Loan (Qard Hasan) from shareholders AED	Total AED
At 1 January 2024	(16,769,788)	(1,220,609)	17,990,397	-
Surplus/(deficit) in the reporting year	8,711,412	(26,664,174)	-	(17,952,762)
Loan (Qard Hasan) received from shareholders	-	-	17,952,762	17,952,762
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024	(8,058,376)	(27,884,783)	35,943,159	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 January 2023 (restated)	(26,997,664)	(3,329,190)	30,326,854	-
Surplus in the reporting year	10,227,876	2,108,581	-	12,336,457
Loan (Qard Hasan) paid back to shareholders	-	-	(12,336,457)	(12,336,457)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	(16,769,788)	(1,220,609)	17,990,397	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

20 Related parties

Related parties comprise the shareholders, directors and key management personnel of the Company and those entities in which they have a significant interest and the ability to control or exercise significant influence in financial and operational decisions. Details of significant transactions with related parties in the normal course of business are as follows:

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

20 Related parties (continued)

	Shareholders AED	Directors and their related parties AED	Key management personnel AED	Total AED
Balances as at 31 December 2024				
Statutory deposit (note 8)	10,000,000	-	-	10,000,000
Investment in sukuk	4,659,962	-	-	4,659,962
Due from related parties	13,561	1,039,093	-	1,052,654
Due to related parties	5,327,584	-	-	5,327,584
Transactions for the year ended 31 December 2024				
Gross contributions written	113,918,196	30,093,040	-	144,011,237
Takaful expenses	7,751,784	-	-	7,751,784
Profit on term deposits	1,838,462	-	-	1,838,462
Profit on sukuk	318,632	-	-	318,632
Short-term benefits	-	-	7,969,046	7,969,046
Long-term benefits	-	-	224,048	224,048
	Shareholders AED	Directors and their related parties AED	Key management personnel AED	Total AED
Balances as at 31 December 2023				
Statutory deposit (note 8)	10,000,000	-	-	10,000,000
Investment in sukuk	4,795,845	-	-	4,795,845
Due from related parties	26,794	784,088	-	810,882
Due to related parties	963,496	-	-	963,496
Transactions for the year ended 31 December 2023				
Gross contributions written	101,625,211	23,074,849	-	124,700,060
Takaful expenses	6,112,022	-	-	6,112,022
Profit on term deposits	1,433,395	-	-	1,433,395
Profit on sukuk	146,186	-	-	146,186
Short-term benefits	-	-	4,508,244	4,508,244
Long-term benefits	-	-	224,048	224,048

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

Meeting allowances for the year ended 31 December 2024 of AED 510,000 (2023: AED 262,500) were paid to all committees members.

Directors' remuneration in relation to the year ended 31 December 2024 of AED 7,200,000 (2023: AED 6,448,826) which is subject to the approval of the shareholders at the forthcoming Annual General Meeting, was proposed and reflected in other comprehensive income in the statement of comprehensive income.

21 Dividends

For the year ended 31 December 2023, cash dividend of AED 31,500,000 at a rate of AED 0.3 per share was approved by shareholders on 16 April 2024 and paid in April 2024.

For the year ended 31 December 2022, cash dividend of AED 27,000,000 at a rate of AED 0.2571 per share was approved by the shareholders on 11 April 2023 and paid in April 2023.

22 Share capital

	31 December 2024 AED	31 December 2023 AED
<i>Authorised, issued and fully paid</i>		
105,000,000 shares of AED 1 each	105,000,000	105,000,000
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At 31 December 2024, 43,743,000 shares or 41.66% of total share capital (2023: 43,743,000 shares or 41.66% of total share capital) were held by Abu Dhabi Islamic Bank PJSC and 61,257,000 shares or 58.34% of total share capital (2023: 61,257,000 shares or 58.34% of total share capital) were held by UAE nationals and other institutions.

23 Legal reserve

In accordance with the provisions of the UAE Federal Decree Commercial Companies Law No. (32) of 2021, and the Company's articles of association, the Company is required to transfer annually to a legal reserve account an amount equivalent to 10% of its annual net profit, until such reserve reaches 50% of the paid up capital of the Company. This reserve is not available for distribution.

24 General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors and are subject to the shareholders' approval. This reserve may be used for such purposes as they deem fit.

25 Re-takaful default reserve

The transfer from retained earnings to re-takaful default reserve is made in accordance with the Insurance Authority (IA) of UAE's Board of Directors Decision No. (23) of 2019 concerning instructions organizing reinsurance operations. The directive requires to allocate an amount equals to 0.5% of the total re-takaful contribution ceded by the Company in order to create a provision for the probability of failure of any of the reinsurers with whom the Company deals to pay what is due to the company or default in its financial position.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

26 Takaful revenue

The following table presents an analysis of takaful revenue recognised in the year:

	2024	2023
	AED	AED
Expected benefits incurred	13,384,558	14,563,590
Expected expenses incurred	904,716	746,720
Change in the risk adjustment for the risk expired	1,014,759	1,168,633
CSM recognized for the service provided	6,821,093	9,960,292
Recovery of acquisition cash flows	2,314,650	1,591,614
	<hr/>	<hr/>
Contracts not measured under PAA	24,439,776	28,030,849
Contracts measured under PAA	732,466,490	644,422,878
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Total Takaful Revenue	756,906,266	672,453,727
	<hr/> <hr/>	<hr/> <hr/>

27 Takaful service expenses

The following table presents an analysis of takaful service expenses recognized in the year:

	2024	2023
	AED	AED
Incurred benefits	602,039,437	371,962,484
Incurred directly attributable expenses	1,132,946	611,314
Reversal of losses on onerous contracts	(8,004,007)	(4,715,093)
Changes that relate to past service - adjustments to LIC	(32,468,026)	(35,356,432)
Amortisation of takaful acquisition cash flows	207,464,402	168,977,978
	<hr/>	<hr/>
Total takaful service expense	770,164,752	501,480,251
	<hr/>	<hr/>

For the purpose of preparing the statement of profit or loss – conventional presentation, certain reclassifications were made between takaful service expenses, wakalah expense/income and takaful expenses.

	2024	2023
	AED	AED
Takaful service expenses – takaful presentation	770,164,752	501,480,251
Less: wakalah expense/income net of takaful expenses – not separately presented in conventional statement of profit or loss	(137,226,170)	(105,407,492)
	<hr/>	<hr/>
Takaful service expenses – conventional presentation	632,938,582	396,072,759
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

28 Net income or expense from re-takaful contracts held

The following table presents an analysis of income or expense from re-takaful contracts recognised in the year:

	2024 AED	2023 AED
Expected recovery of claims and other expenses	13,105,323	12,753,347
Change in the risk adjustment for the risk expired	746,232	667,029
CSM recognized for service received	5,502,710	4,288,097
	<hr/>	<hr/>
Contracts not measured under PAA	19,354,265	17,708,473
Contracts measured under PAA	411,836,454	361,525,592
	<hr/>	<hr/>
Allocation of re-takaful contribution	431,190,719	379,234,065
	<hr/>	<hr/>
Amounts recovered for claims and other expenses	458,517,869	120,154,538
Changes that relate to past service - recoverable claims and other expenses	(38,899,744)	93,529,372
Change of loss recovery components	116,998	1,556,988
Effect of changes in the risk of reinsurers non-performance	(438,895)	(467,004)
	<hr/>	<hr/>
Amounts recoverable from reinsurer and incurred expenses	419,296,228	214,773,894
	<hr/>	<hr/>
Net expense from re takaful contracts held	11,894,491	164,460,171
	<hr/>	<hr/>

29 Policyholders' investment income, net

	2024 AED	2023 AED
Return on short-term investment accounts and deposits	23,630,801	18,608,649
	<hr/>	<hr/>
Investment expenses	23,630,801 (226,149)	18,608,649
	<hr/>	<hr/>
	23,404,652	18,608,649
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

30 Takaful finance expenses/(income) for takaful contracts issued

The following table presents an analysis of takaful finance expenses/income recognised in the year:

	2024	2023
	AED	AED
Profit accreted to takaful contracts	16,855,496	15,462,352
Effect of changes in profit rates and other financial assumptions	(4,523,824)	1,284,573
Effect of unlocking CSM at locked-in rates and FCF at current rates	350,441	211,117
Net foreign exchange income or expense	(12)	(12)
	<hr/>	<hr/>
Total takaful finance expense for takaful contracts issued recognized in profit or loss	12,682,101	16,958,030
	<hr/>	<hr/>

31 Re-takaful finance income/expense for re-takaful contracts held

The following table presents an analysis of re-takaful finance income/expenses recognised in the year:

	2024	2023
	AED	AED
Profit accreted to re-takaful contracts held	13,316,136	12,313,995
Effect of changes in profit rates and other financial assumptions	(3,772,401)	1,312,081
Effect of unlocking CSM at locked-in rates and FCF at current rates	948,053	(96,089)
Net foreign exchange income or expense	-	(9)
	<hr/>	<hr/>
Total re-takaful finance income for re-takaful contracts held recognized in profit or loss	10,491,788	13,529,978
	<hr/>	<hr/>

32 Shareholder's investment and other income, net

	2024	2023
	AED	AED
Return on short-term investment accounts and deposits	2,167,737	3,620,769
Dividend income and profit on investments, net	24,361,753	23,537,148
(Loss) on disposal of investments, net	(510,456)	(333,879)
Investment income on commodities	5,140,564	595,957
Increase in fair value of investment properties (note 11)	957,500	10,644,400
Rental income, net (note 11)	1,570,416	661,526
Gain on disposal of investment properties	562,500	-
Gain on disposal of property and equipment	2,548	78,413
	<hr/>	<hr/>
Investment expenses	34,252,562	38,804,334
	(3,625,629)	(1,947,045)
	<hr/>	<hr/>
	30,626,933	36,857,289
	<hr/>	<hr/>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

33 Mudareb share and wakalah fees

The shareholders manage the policyholders' investment fund and charge 35% (2023: 35%) of investment income earned by policyholders' investment fund as mudareb share.

The shareholders manage the takaful operations for the policyholders and charge 27.3% (2023: 29.5%) of gross takaful contributions as wakalah fees.

34 General and administrative expenses

	2024	2023
	AED	AED
Staff costs	54,776,087	45,586,619
Rental expenses	628,669	668,770
Depreciation of property and equipment	1,930,431	2,111,583
Depreciation of right of use asset	586,464	-
Other expenses	9,368,201	9,705,020
	67,289,852	58,071,992

Social contribution included in staff costs for the year ended 31 December 2024 amounts to AED 840,174 (2023: AED 799,224).

35 Corporate income tax

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

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision. The corporate taxes are payable on the total income after making the adjustments for certain disallowable expenses, exempt income and investment and other allowances.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

35 Corporate income tax (continued)

Income tax expenses recognised in statement of profit or loss, statement of comprehensive income and statement of changes in shareholders' equity are as follows:

	2024 AED	2023 AED
<i>Statement of profit or loss</i>		
Current tax expense	7,164,158	-
Deferred tax expense	553,169	-
	<hr/>	<hr/>
Net Income tax expense recognised in the statement of profit or loss	7,717,327	-
	<hr/> <hr/>	<hr/> <hr/>

	2024 AED	2023 AED
<i>Statement of other comprehensive income</i>		
Current tax credit	(648,000)	-
Deferred tax credit	(763,158)	-
	<hr/>	<hr/>
Net Income tax credit recognised in the statement of profit or loss	(1,411,158)	-
	<hr/> <hr/>	<hr/> <hr/>

	2024 AED	2023 AED
<i>Statement of changes in equity</i>		
Current tax expense	677,054	-
	<hr/>	<hr/>
Net Income tax credit recognised in the statement of profit or loss	677,054	-
	<hr/> <hr/>	<hr/> <hr/>

Following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	2024 AED	2023 AED
Deferred tax assets	763,158	-
Deferred tax liabilities	(553,169)	-
	<hr/>	<hr/>
Net deferred tax asset	209,989	-
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

36 Profit for the year

The Company's combined net profit for the year for policyholder and shareholder, before Qard Hasan provision is AED 83,084,790 (31 December 2023: AED 103,042,273).

37 Basic and diluted earnings per share

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

	2024	2023
Profit for the year (AED)	83,084,790	103,042,273
Weighted average number of shares outstanding at 1 January	105,000,000	105,000,000
Total weighted average share at 31 December	105,000,000	105,000,000
Basic and diluted earnings per share (AED)	0.79	0.98

38 Segment information

For operating purposes, the Company is organised into two main business segments:

- Underwriting of takaful business incorporating all classes of takaful including fire, marine, motor, general accident, engineering, medical and family takaful. This business is conducted fully within the UAE.
- Investments incorporating investments in UAE marketable equity securities, short-term investments with banks and other securities.

Information regarding the Company's reportable segments is presented below:

Segment revenue and results

	2024			2023		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Direct revenues	756,906,266	54,031,585	810,937,851	672,453,727	55,465,938	727,919,665
Direct costs	(644,833,073)	-	(644,833,073)	(560,532,930)	-	(560,532,930)
Finance (cost), net	(2,190,313)	-	(2,190,313)	(3,428,052)	-	(3,428,052)
Other (expenses)/income	(5,822,496)	-	(5,822,496)	(2,844,418)	-	(2,844,418)
Segment results	104,060,384	54,031,585	158,091,969	105,648,327	55,465,938	161,114,265
Unallocated costs			(75,007,179)			(58,071,992)
Profit for the year			83,084,790			103,042,273

38 Segment information (continued)

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the year (2023: AED nil).

The accounting policies of the reportable segments are the same as the Company's accounting policies used in the annual audited financial statements for the year ended 31 December 2023, except for adoption of new and amended standards as set out in note 2.

Segment assets and liabilities

	As at 31 December 2024			As at 31 December 2023		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	483,609,782	1,011,888,438	1,495,498,220	230,984,198	1,000,021,477	1,231,005,675
Unallocated assets	-	-	62,245,881	-	-	34,699,024
Total assets	483,609,782	1,011,888,438	1,557,744,101	230,984,198	1,000,021,477	1,265,704,699
Segment liabilities	1,016,574,105	-	1,016,574,105	769,785,896	-	769,785,896
Unallocated liabilities	-	-	46,581,708	-	-	46,467,279
Total liabilities	1,016,574,105	-	1,063,155,813	769,785,896	-	816,253,175
Capital expenditure			754,585			694,140

39 Contingent liabilities and commitments

As at 31 December 2024 and 31 December 2023, the Company does not have any contingent liabilities.

The Company is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or statement of financial position.

40 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 a takaful contract, this risk is random and therefore unpredictable.

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

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****40 Takaful risk (continued)**

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, 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 one of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured properties.

The retakaful arrangements include excess and catastrophe coverage. 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 at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlement 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 an element of the claims provision includes incurred but not reported claims ("IBNR"). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some takaful contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)****40 Takaful risk (continued)**Sources of uncertainty in the estimation of future claim payments (continued)

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

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

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

Where possible, the 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 projection given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

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

Process used to decide on assumptions

The risks associated with the takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual takaful contracts carried out at the end of the reporting period to derive data for the contracts held. The 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 techniques 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 Company's of accident years within the same class of business.

ABU DHABI NATIONAL TAKAFUL COMPANY PSC
Notes to the financial statements
for the year ended 31 December 2024 (continued)

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40 Takaful risk (continued)

Claims development process

The following schedules reflect the actual claims (based on yearend estimates including IBNR) compared to the previous estimates for the last four years on an accident year basis:

Accident year (Ultimate Claims)	Before 2021	2021	2022	2023	2024	Total
	AED	AED	AED	AED		AED
Gross						
<i>At the end of each reporting year</i>						
2021	280,005,105	84,737,786	-	-	-	364,742,891
2022	565,265,996	216,736,786	228,459,627	-	-	1,010,462,409
2023	412,375,077	217,505,660	235,269,269	340,498,136	-	1,205,648,142
2024	294,430,781	214,363,495	240,656,994	325,236,520	599,751,937	1,674,439,727
Gross estimates of the undiscounted amount of the claims	-	217,702,524	236,560,079	364,734,811	599,751,937	1,418,749,351
Cumulative payments to date (Paid Claims)	284,557,691	208,422,832	202,601,247	273,853,928	273,776,971	1,243,212,669
Gross undiscounted liabilities for incurred claims	9,873,090	5,940,662	38,055,747	51,382,593	325,974,965	431,227,057
Effect of discounting						(16,323,992)
Effect of risk adjustment for non-financial risk						9,162,960
Others*						21,385,715
Total gross liabilities for incurred claims						445,451,740
Net						
<i>At the end of each reporting year</i>						
2021	8,355,743	21,096,587	-	-	-	29,452,330
2022	172,621,401	66,878,719	74,119,060	-	-	313,619,180
2023	124,131,371	66,666,858	76,257,768	114,559,135	-	381,615,132
2024	81,540,179	65,593,755	81,072,122	124,613,890	154,518,466	507,338,412
Net estimates of the undiscounted amount of the claims	-	65,593,755	81,072,122	124,613,890	154,518,466	425,798,233
Cumulative payments to date (Paid Claims)	80,593,675	64,769,119	72,658,001	104,631,509	91,360,557	414,012,861
Net undiscounted liabilities for incurred claims	946,504	824,637	8,414,121	19,982,381	63,157,909	93,325,552
Effect of discounting						(3,470,418)
Effect of risk adjustment for non-financial risk						2,007,605
Others*						19,412,255
Total net liabilities for incurred claims						111,274,994

* Others includes unallocated loss adjustment expenses reserve, non-performance risks and claim payables and recoverables.

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

40 Takaful risk (continued)

Sensitivity Analysis

Sensitivity analysis for contracts measured under PAA	For the year ended 31 December 2024		For the year ended 31 December 2023	
	LIC AED	Impact on LIC AED	LIC AED	Impact on LIC AED
Takaful contract liabilities	(445,451,740)		(243,686,931)	
Re-takaful contract assets	334,176,746		163,449,356	
Net takaful contract liabilities	(111,274,994)		(80,237,575)	
	5% increase – LIC			
Takaful contract liabilities	(467,724,327)	(22,272,587)	(255,871,276)	(12,184,345)
Re-takaful contract assets	350,885,583	16,708,837	171,621,823	8,172,467
Net takaful contract liabilities	(116,838,744)	(5,563,750)	(84,249,453)	(4,011,878)
	5% decrease – LIC			
Takaful contract liabilities	(423,179,153)	22,272,587	(231,502,583)	12,184,348
Re-takaful contract assets	317,467,909	(16,708,837)	155,276,888	(8,172,468)
Net takaful contract liabilities	(105,711,244)	5,563,750	(76,225,695)	4,011,880
Sensitivity analysis for contracts not measured under PAA	For the year ended 31 December 2024		For the year ended 31 December 2023	
	Net takaful and re-takaful Contract assets and liabilities AED	Impact on net takaful and re-takaful Contract assets and liabilities AED	Net takaful and re-takaful Contract assets and liabilities AED	Impact on net takaful and re-takaful Contract assets and liabilities AED
Takaful contract liabilities	(173,592,428)		(214,370,662)	
Re-takaful contract assets	25,016,094		13,751,661	
Net takaful contract liabilities	(148,576,334)		(200,619,001)	
	10% increase – Lapses			
Takaful contract liabilities	(174,555,639)	(963,211)	(187,315,928)	(115,973)
Re-takaful contract assets	25,737,763	721,669	20,406,418	119,389
Net takaful contract liabilities	(148,817,876)	(241,542)	(166,909,510)	3,416
	1% increase – Mortality			
Takaful contract liabilities	(173,992,603)	(400,175)	(187,285,831)	(85,876)
Re-takaful contract assets	25,373,822	357,728	20,296,221	9,192
Net takaful contract liabilities	(148,618,781)	(42,447)	(166,989,610)	(76,684)

Concentration of takaful risk

Substantially all of the Company's underwriting activities are carried out in the UAE.

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 and monitors concentration of credit risk arising from similar geographic regions, activities or economic characteristics of the retakaful companies. The Company remains liable to its policyholders for the portion covered by retakaful to the extent that any retakaful does not meet the obligations assumed under the retakaful agreements.

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

41 Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful assets and 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 and investment contracts. The risks that the Company primarily faces due to the nature of its investments and underwriting business are market price risk, credit risk and liquidity risk.

Fair value of financial instruments

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

An analysis of financial instruments that are measured subsequent to initial recognition at fair value into levels 1 to 3 is provided in note 42.

Capital risk management

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

The Company's objectives when managing capital are:

- to comply with the capital requirements required by the UAE Federal Law No. (48) of 2023 regarding the Establishment of the Insurance Authority and Insurance Operations
- 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.

In UAE, the local takaful regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its takaful liabilities. The minimum required capital (presented below) must be maintained at all times throughout the year. The Company is subject to local takaful solvency regulations with which it has complied during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

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

	31 December 2024 AED	31 December 2023 AED
Total shareholders' equity	494,588,288	449,451,524
Minimum regulatory capital	100,000,000	100,000,000

The UAE Insurance Authority has issued resolution No. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing an insurance firm and AED 250 million for a retakaful firm. The resolution also stipulates that at least 75 percent of the capital of the insurance companies established in the UAE should be owned by UAE or Gulf Cooperation Council national individuals or corporate bodies. The Company is complying with the above requirements.

41 Financial risk (continued)

Material accounting policies

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

	31 December 2024 AED	31 December 2023 AED
Financial assets		
Statutory deposit	10,000,000	10,000,000
Investments	358,608,400	362,862,538
Cash and bank balances (including term deposit)	570,967,131	556,450,265
	<hr/>	<hr/>
Total	939,575,531	929,312,803
	<hr/> <hr/>	<hr/> <hr/>

Profit return rate risk management

The Company is not exposed to significant rate of return risks as its assets returns are repriced frequently.

The Company's rate of return risk is mainly attributable to its bank deposits and sukuks.

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

Foreign currency risk

The Company is not exposed to significant foreign currency risk as substantially all financial assets and financial liabilities are denominated in AED or US Dollars to which the AED is pegged.

Market price risk

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

At the end of the year, if the prices of quoted equity investments and net asset value of unquoted equity investments are 1% higher/lower and all the other variables were held constant, the Company's other comprehensive income would have increased/decreased by AED 2,187,089 (31 December 2023: AED 2,668,280). With respect to investment in commodities, if the prices of commodities are 1% higher/lower and all the other variables were held constant, the Company's profit for the year ended 31 December 2024 would increase / decrease by AED 308,046 (31 December 2023: AED 155,972).

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

41 Financial risk (continued)

Credit risk management

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

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

- Retakafuls' share of takaful liabilities;
- Amounts due from retakaful in respects of claims already paid;
- Amounts due from takaful contract holders;
- Amounts due from takaful intermediaries; and
- Amounts due from banks for its bank balances and fixed deposits.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, 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 management annually.

Retakaful is used to manage takaful risk. This does not, however, discharge the Company's liability as primary insurer. If retakaful company fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of a 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 Company includes details of provisions for impairment on takaful receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for retakaful is carried out by the Company. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its policy holders.

The credit risk on liquid funds maintained with banks is limited because the counterparties are reputable local banks closely monitored by the regulatory body.

At 31 December 2024, all of the deposits were placed with 8 banks (2023: 9 banks). Management is confident that this concentration at year end does not result in any credit risk to the Company as these banks are major banks operating in the UAE and are highly regulated by the Central Bank.

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

The re-takaful contract assets and re-takaful receivables are with highly rated reinsurers based on the Company's internal Risk management framework.

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

41 Financial risk (continued)

Liquidity risk management

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. Bank facilities, the policy holders and the retakaful, are the major sources of funding for the Company and the liquidity risk for the Company is assessed to be low.

Maturity analysis of assets and liabilities

The table below shows an analysis of undiscounted assets and liabilities analysed according to when they are expected to be recovered or settled:

	Current AED	Non-current AED	Total AED
31 December 2024			
<u>Assets excluding takaful and re-takaful contract assets</u>			
Cash and bank balances including bank deposits	570,967,131	-	570,967,131
Statutory deposits	10,000,000	-	10,000,000
Unit linked investments at fair value through profit or loss	393,337	-	393,337
Financial assets designated at fair value through other comprehensive income	348,325,400	-	348,325,400
Financial assets designated at amortized cost	-	10,283,000	10,283,000
Investment in commodities	30,804,570	-	30,804,570
Prepaid expenses and other assets	56,314,111	-	56,314,111
Deferred tax asset	763,158	-	763,158
Property and equipment	-	19,706,474	19,706,474
Right of use assets	-	9,920,554	9,920,554
Investment property	-	41,115,000	41,115,000
	<hr/>	<hr/>	<hr/>
Total assets excluding takaful and re-takaful contract assets	1,017,567,707	81,025,028	1,098,592,735
<u>Liabilities excluding takaful and re-takaful contract liabilities</u>			
Accrued expenses and other liabilities	151,987,397	-	151,987,397
Deferred tax liability	553,169	-	553,169
Lease liability	2,174,000	8,049,235	10,223,235
Provision for end of service benefits	13,989,707	-	13,989,707
	<hr/>	<hr/>	<hr/>
Total liabilities excluding takaful and re-takaful contract liabilities	168,704,273	8,049,235	176,753,508

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

41 Financial risk (continued)

Maturity analysis of assets and liabilities (continued)

	Current AED	Non-current AED	Total AED
31 December 2023			
<u>Assets excluding takaful and re-takaful contract assets</u>			
Cash and bank balances including bank deposits	556,450,265	-	556,450,265
Statutory deposits	10,000,000	-	10,000,000
Unit linked investments at fair value through profit or loss	-	1,576,487	1,576,487
Financial assets designated at fair value through other comprehensive income	352,579,538	-	352,579,538
Financial assets designated at amortized cost	-	10,283,000	10,283,000
Investment in commodities	15,597,187	-	15,597,187
Prepaid expenses and other assets	58,009,682	-	58,009,682
Property and equipment	-	20,882,342	20,882,342
Investment property	-	53,535,000	53,535,000
Total assets excluding takaful and re-takaful contract assets	992,636,672	86,276,829	1,078,913,501
<u>Liabilities excluding takaful and re-takaful contract liabilities</u>			
Accrued expenses and other liabilities	163,120,068	-	163,120,068
Provision for end of service benefits	13,722,727	-	13,722,727
Total liabilities excluding takaful and re-takaful contract liabilities	176,842,795	-	176,842,795

A maturity analysis for portfolios of takaful contracts issued that are liabilities is presented below.

The analysis is presented by estimated timing, of the estimates of the present value of the future cash flows, for each of the first five years after the reporting date and in aggregate beyond the first five years.

As per IFRS-17 (132b), An entity is not required to include in these analyses liabilities for remaining coverage measured under the PAA approach, and accordingly, these balances have been excluded.

The Company does not have any re takaful contract liabilities except for remaining coverage measured under PAA approach, which has been excluded from below analysis.

31 December 2024	Up to 1 Year	1-2 year	2-3 year	3-4 year	4-5 year	>5 year	Total
	AED	AED	AED	AED	AED	AED	AED
Takaful contract liabilities	402,559,656	112,411,710	31,467,598	20,515,863	11,945,669	40,143,670	619,044,166

31 December 2023	Up to 1 Year	1-2 year	2-3 year	3-4 year	4-5 year	>5 year	Total
	AED	AED	AED	AED	AED	AED	AED
Takaful contract liabilities	217,763,467	76,223,097	47,243,670	15,747,093	10,909,919	60,569,776	428,457,022

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

42 Fair value of financial instruments

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

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

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<u>31 December 2024</u>				
Financial assets measured at fair value through other comprehensive income	183,636,131	-	164,689,269	348,325,400
Unit linked investments at fair value through profit or loss	393,337	-	-	393,337
	<u>184,029,468</u>	<u>-</u>	<u>164,689,269</u>	<u>348,718,737</u>
<u>31 December 2023</u>				
Financial assets measured at fair value through other comprehensive income	172,765,032	-	179,814,506	352,579,538
Unit linked investments at fair value through profit or loss	1,576,487	-	-	1,576,487
	<u>174,341,519</u>	<u>-</u>	<u>179,814,506</u>	<u>354,156,025</u>

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

43 Solvency margin

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 period. 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.

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

43 Solvency margin (continued)

	31 December 2024 AED	31 December 2023 AED
Minimum Capital Requirement (MCR)	100,000,000	100,000,000
Solvency Capital Requirement (SCR)	111,868,759	126,401,551
Minimum Guarantee Fund (MGF)	80,662,142	71,092,892
Basic Own Funds	387,024,475	380,592,327
Ancillary Own Funds	-	-
MCR Solvency Margin – Surplus	287,024,475	280,592,327
SCR Solvency Margin – Surplus	275,155,716	254,190,776
MGF Solvency Margin – Surplus	306,362,333	309,499,435

44 Other information

Description	Family takaful (without medical and fund accumulation) AED	Fund accumulation AED	Medical takaful AED	Property and liability (without medical) AED	All type of business combined AED
2024					
Direct written contribution	79,103,224	-	241,608,500	247,822,459	568,534,183
Assumed business					
Foreign	-	-	3,515,002	106,345,686	109,860,688
Local	-	-	298,642	114,559,052	114,857,694
Total Assumed business	-	-	3,813,644	220,904,738	224,718,382
Total Gross written contribution	79,103,224	-	245,422,144	468,727,197	793,252,565

**Notes to the financial statements
for the year ended 31 December 2024 (continued)**

44 Other information (continued)

Description	Family takaful (without medical and fund accumulation) AED	Fund accumulation AED	Medical takaful AED	Property and liability (without medical) AED	All type of business combined AED
2023					
Direct written contribution	61,561,022	1,580,738	243,029,441	208,712,404	514,883,605
Assumed business					
Foreign	-	-	2,975,200	105,824,955	108,800,155
Local	-	-	2,447,262	109,362,556	111,809,818
Total Assumed business	-	-	5,422,462	215,187,511	220,609,973
Total Gross written contribution	61,561,022	1,580,738	248,451,903	423,899,915	735,493,578

45 Other matter

On 27 October 2022, the Company reached an initial agreement to acquire the individual life takaful portfolio from Dubai Islamic Insurance & Reinsurance Company PJSC (AMAN). The agreement was subject to certain requirements before the acquisition of the portfolio would be completed. Pending the satisfaction of these requirements the ongoing responsibility for the management of the portfolio and its liabilities remained solely the responsibility of Dubai Islamic Insurance & Reinsurance Company PJSC (AMAN).

As the requirements for the acquisition of the portfolio have not been met, the board of directors have decided not to proceed further with the acquisition. The Company has therefore notified Dubai Islamic Insurance & Reinsurance Company PJSC (AMAN) of its decision to terminate the agreement in accordance with its terms and conditions.

46 Approval of financial statements and responsibility statement

The financial statements of the Company for the year ended 31 December 2024 has been authorised for issue in accordance with a resolution of the Board of Directors on 27 March 2025.