

Qatar Islamic Insurance Group Q.P.S.C.

Consolidated Financial Statements

31 December 2023

Qatar Islamic Insurance Group Q.P.S.C.

**Consolidated Financial Statements
For the year ended 31 December 2023**

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Independent auditors' report

To the Shareholders of Qatar Islamic Insurance Group Q.P.S.C.

Opinion

We have audited the consolidated financial statements of Qatar Islamic Insurance Group Q.P.S.C. (the 'Company') and its subsidiary (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statements of policyholders' revenues and expenses, consolidated statement of policyholders' surplus, consolidated income statement, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and the results of its operations, changes in consolidated policyholders' surplus, changes in consolidated shareholders' equity and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Comparative Information

We draw attention to Note 39 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2022 has been restated. Our opinion is not modified in respect of this matter.

Other Matter relating to Comparative Information

The consolidated financial statements of the Group as at and for the years ended 31 December 2022 and 31 December 2021 (from which the statement of financial position as at 1 January 2022 has been derived), excluding the adjustments described in Note 39 to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 13 February 2023 and 9 February 2022 respectively.

As part of our audit of the consolidated financial statements as at and for the year ended 31 December 2023, we audited the adjustments described in Note 39 that were applied to restate the comparative information presented as at and for the year ended 31 December 2022 and the statement of financial position as at 1 January 2022. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the years ended 31 December 2022 or 31 December 2021 (not presented herein) or to the consolidated statement of financial position as at 1 January 2022, other than with respect to the adjustments described in Note 39 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 39 are appropriate and have been properly applied.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Takaful Contract Liabilities

See Note 4(f),5 and 8 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We focused on this area because: - The Group's takaful contract liabilities represent 73% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and other technical reserves and unearned contributions and mathematical reserves. - the valuation of these takaful liabilities involves significant judgement regarding uncertainty in the estimation of future benefits payments and assessment of frequency and severity of claims. Estimating the reserves for claims incurred but not reported ('IBNR') and unearned contribution reserves ('UCR') involves undertaking significant judgements and assumptions along with the use of actuarial projections and techniques hence, we considered this to be a key audit matter; and - internal claim development methods and actuarial	Our audit procedures with the assistance of our specialist, included among others: - testing the design and operating effectiveness of the key controls around recording of reserving process for reported claims, unreported claims and unearned contribution. - testing samples of outstanding claims and related retakaful recoveries, focusing on those with most significant impact on the consolidated financial statements, to assess whether claims and related recoveries are appropriately estimated. - for major lines of business, we assessed the reasonableness of the key assumptions, such as loss ratios, risk factors, claims adjustment expenses, frequency, and severity of claims, which were used in the valuation models and comparing them to the Group's historical data. - evaluated whether reserving was consistent in approach, with sufficient justification for changes in assumptions. We used our industry knowledge to benchmark the Group's reserving methodologies and estimates of losses. Our audit focused on



insurance technical reserves. The complexity of the models may give rise to errors as a result of inaccurate/incomplete data, or the design or application of the models may be inappropriate. Assumptions used in actuarial models, such as historical claims, which can be used to project the trend of future claims, is set up in applying estimates and judgements based on the experience analysis and future expectations by management.	lines of business with most inherent uncertainty. • we assessed the competence, capabilities and objectivity of the external independent actuarial experts engaged by the Group. • we also considered the appropriateness of information provided to external independent actuarial experts engaged by the Group and considered their scope of work and findings to corroborate adequacy of management estimates on claims reserving; and • evaluating the adequacy of the Group's disclosures related to takaful contract liabilities in the consolidated financial statements by reference to the requirements of the relevant accounting standards.
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Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 13 February 2023.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' 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 Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL") and relevant provisions of the Executive Insurance Instructions issued by the Qatar Central Bank, we also report that:

- I. We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- II. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- III. We have not been provided with the report of the Board of directors to determine whether there is any financial information contained therein agrees with the books and records of the Group.
- IV. We are not aware of any violations of the applicable provisions of the amended QCCL, or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Group's consolidated financial position or performance as at and for the year ended 31 December 2023.

15 February 2024
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289
Licensed by QFMA: External
Auditors' License No. 120153



	Note	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Policyholders' assets				
Cash and bank balances	6	129,280,321	174,239,184	142,147,189
Contributions receivable	7	102,041,042	86,755,891	61,781,300
Due from retakaful		67,128,006	78,983,181	83,815,617
Retakaful contract assets	8	224,616,548	212,258,544	168,745,094
Investments at fair value through equity	9(a)	50,810,156	53,336,711	37,851,820
Investment at fair value through income statement	9(b)	6,720,702	3,875,200	2,898,950
Investment properties	11(a)	98,421,071	105,678,371	113,451,975
Prepayments and other assets	13	38,437,916	44,928,728	36,679,464
Investment in associates	14	1,742,204	21,742,204	23,941,448
Property and equipment	10(a)	24,495,940	12,256,517	7,254,871
Right-of-use assets	12(a)	4,175,216	4,285,090	5,658,926
Total policyholders' assets		747,869,122	798,339,621	684,226,654
Shareholders' assets				
Cash and bank balances	6	348,078,931	283,170,590	239,577,558
Investments at fair value through equity	9(a)	7,932,139	10,703,338	9,914,570
Investment at fair value through income statement	9(b)	6,133,001	3,436,701	2,898,950
Investment properties	11(b)	109,834,093	116,330,416	122,801,976
Prepayments and other assets		-	686,690	532,643
Investment in associates	14	96,216,539	87,935,637	85,785,052
Property and equipment	10(b)	9,418,724	-	-
Right-of-use assets	12(b)	4,934,720	5,440,857	5,946,994
Total shareholders' assets		582,548,147	507,704,229	467,457,743
Total assets		1,330,417,269	1,306,043,850	1,151,684,397



The attached notes 1 to 40 form an integral part of these consolidated financial statements.

	Note	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Policyholders' Liabilities				
Due to retakaful		32,747,638	55,425,073	46,743,122
Takaful contract liabilities	8	470,360,896	445,241,867	350,468,702
Ijarah liabilities		-	-	1,290,286
Payables and other liabilities	15	71,783,454	53,613,554	44,282,734
Unclaimed surplus	18	17,888,432	18,510,004	17,686,458
Total policyholders' liabilities		592,780,420	572,790,498	460,471,302
Policyholders' equity				
Fair value reserve	9(c)	7,910,461	7,942,703	9,350,148
Real estate reserve	11(c)	13,435,430	11,358,849	16,933,815
Foreign currency reserve for investments at fair value through equity		(4,129,999)	(3,209,159)	(2,776,555)
Retained surplus		137,872,810	209,456,730	200,247,944
Total policyholders' equity		155,088,702	225,549,123	223,755,352
Total policyholders' equity and liabilities		747,869,122	798,339,621	684,226,654
Shareholders' liabilities				
Unclaimed dividends		15,906,940	15,285,523	13,768,964
Ijarah liabilities	12(c)	912,129	1,341,224	1,752,494
Payables and other liabilities	19	35,889,136	34,366,713	30,349,820
Total shareholders' liabilities		52,708,205	50,993,460	45,871,278
Shareholders' equity				
Share capital	20	150,000,000	150,000,000	150,000,000
Legal reserve	22	150,000,000	145,553,708	135,420,177
General reserve	23	1,540,888	1,540,888	1,540,888
Foreign currency reserve for investments at fair value through equity		(4,129,996)	(3,209,156)	(2,776,552)
Fair values reserve	9(c)	(303,382)	845,696	877,312
Real estate reserve	11(c)	11,251,667	7,781,875	11,341,681
Reserve for share of profits of associates	32	13,215,697	4,934,795	894,774
Retained earnings		208,265,068	149,262,963	124,288,185
Total shareholders' equity		529,839,942	456,710,769	421,586,465
Total shareholders' liabilities and equity		582,548,147	507,704,229	467,457,743
Total policyholders' and shareholders' liabilities and equity		1,330,417,269	1,306,043,850	1,151,684,397

These consolidated financial statements were approved by the Group's Board of Directors on 15 February 2024 and signed on their behalf by:

Mr. Ali Ibrahim AlAbdulghani
Group President

Mr. Jamal Abdulla Al Jamal
Chairman

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

	Note	2023	2022 (Restated)
Takaful revenues			
Gross contributions	24(c)	523,493,363	467,307,963
Retakaful share of gross contributions	24(c)	(178,307,960)	(155,525,869)
Net retained contributions		345,185,403	311,782,094
Changes in unearned contributions	24(c)	825,051	(5,147,864)
Earned contributions		346,010,454	306,634,230
Commission paid	24(c), 26	(13,242,935)	(3,690,293)
Changes in deferred commission	24(c)	(1,149,445)	180,159
Total takaful revenues		331,618,074	303,124,096
Takaful expenses			
Gross claims paid	24(c)	251,352,526	163,802,207
Retakaful share of claims paid	24(c)	13,586,076	46,180,659
Changes in outstanding claims	24(c)	(59,429,601)	(62,505,854)
Total takaful expenses		205,509,001	147,477,012
Net surplus from takaful operations		126,109,073	155,647,084
Net Investment income	27	15,552,856	9,914,299
Depreciation of right-of-use assets		(109,874)	(290,440)
Amortisation of deferred Ijarah costs		-	(25,195)
Wakala fee	24(c), 25	(162,440,954)	(128,509,690)
Mudarib fees	27	(12,442,285)	(7,931,439)
Fair value gain / (loss) on investment at fair value through income statement	9(b)	9,457	(53,370)
Expected credit loss on financial assets		(700,000)	(4,500,000)
Share of loss from associates	14	-	(1,625,801)
Impairment loss on investment in associates	14	(20,000,000)	(573,443)
Other expenses		(589,499)	-
Net (deficit) / surplus for the year		(54,611,226)	22,052,005



The attached notes 1 to 40 form an integral part of these consolidated financial statements.

	Note	2023	2022 (Restated)
Retained surplus at the beginning of the year (as previously reported)		209,456,730	201,103,650
Effect of restatement		-	(855,706)
Retained surplus at the beginning of the year		209,456,730	200,247,944
Transfer from fair value reserve		-	4,252,758
Net (deficit) / surplus for the year		(54,611,226)	22,052,005
Total surplus at the end of the year		154,845,504	226,552,707
Distribution to policyholders during the year	16	(16,972,694)	(17,095,977)
Retained surplus balance at the end of year		137,872,810	209,456,730



The attached notes 1 to 40 form an integral part of these consolidated financial statements.

	Note	2023	2022 (Restated)
Revenues			
Shareholders' investments revenues	17	9,655,632	5,901,118
Share of profits of associates	14	13,810,902	7,175,822
Wakala fees	25	162,440,954	128,509,690
Rental income		6,422,900	6,141,820
Shareholders' mudarba fees for managing investment portfolio of policyholders	27	12,442,285	7,931,439
Other income		272,850	185,530
Total revenues		205,045,523	155,845,419
Expenses			
Depreciation of right-of-use assets	12(b)	(506,137)	(506,137)
Amortisation of deferred Ijarah costs	12(c)	(47,505)	(65,329)
General and administrative expenses	28	(56,864,233)	(43,293,679)
Impairment loss on investments at fair value through equity	9(a)	(285,385)	-
Fair value gain / (loss) on investment at fair value through income statement	9(b)	4,409	(37,869)
Fair value loss on investment properties		(547,391)	(3,043,795)
Board of directors' remuneration	29	(4,000,000)	(4,048,063)
Share of loss of associates	14	-	(1,625,801)
Impairment loss on investment in associates	14	-	(1,889,436)
Total expenses		(62,246,242)	(54,510,108)
Net income		142,799,281	101,335,310
Basic earnings per share	33	0.952	0.676



The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Qatar Islamic Insurance Group Q.P.S.C.

Consolidated statement of changes in shareholders' equity
For the year ended 31 December 2023

	Share Capital	Legal reserve	General reserve	Foreign currency reserve for investments at fair value through equity	Real estate reserve	Fair value reserve	Reserve for share of profits of associates	Retained earnings	Total
Balance at 1 January 2023 (as restated)	150,000,000	145,553,708	1,540,888	(3,209,156)	7,781,875	845,696	4,934,795	149,262,963	456,710,769
Net income for the year	-	-	-	-	-	-	-	142,799,281	142,799,281
Transfer to legal reserve (Note 22)	-	4,446,292	-	-	-	-	-	(4,446,292)	-
Transfer from fair value reserve	-	-	-	-	-	(1,149,078)	-	-	(1,149,078)
Transfer to reserve for share of profits of associates (Note 32)	-	-	-	-	-	-	8,280,902	(8,280,902)	-
Movement in fair value reserve	-	-	-	-	-	-	-	-	-
Movement in real estate reserve	-	-	-	-	3,469,792	-	-	-	3,405,041
Change in foreign currency translation reserve	-	-	-	(920,840)	-	-	-	-	(920,840)
Contribution to social and sports fund (Note 31)	-	-	-	-	-	-	-	(3,569,982)	(3,569,982)
Dividend declared (Note 21)	-	-	-	-	-	-	-	(67,500,000)	(67,500,000)
Balance at 31 December 2023	150,000,000	150,000,000	1,540,888	(4,129,996)	11,251,667	(303,382)	13,215,697	208,265,068	529,839,942
Balance at 1 January 2022 (as previously reported)	150,000,000	135,420,177	1,540,888	(2,776,552)	11,341,681	877,312	894,774	124,078,604	421,376,884
Effect of restatement (Note 39)	-	-	-	-	-	-	-	209,581	209,581
Balance at 1 January 2022 - Restated	150,000,000	135,420,177	1,540,888	(2,776,552)	11,341,681	877,312	894,774	124,288,185	421,586,465
Net income for the year - Restated	-	-	-	-	-	-	-	101,335,310	101,335,310
Transfer to legal reserve (Note 22) - Restated	-	10,133,531	-	-	-	-	-	(10,133,531)	-
Transfer from fair value reserve	-	-	-	-	-	(676,700)	-	676,700	-
Transfer to reserve for share of profits of associates (Note 32)	-	-	-	-	-	-	4,040,021	(4,040,021)	-
Movement in fair value reserve	-	-	-	-	-	645,084	-	-	645,084
Movement in real estate reserve	-	-	-	-	(3,559,806)	-	-	-	(3,559,806)
Change in foreign currency translation reserve	-	-	-	(432,604)	-	-	-	-	(432,604)
Contribution to social and sports fund (Note 31)	-	-	-	-	-	-	-	(2,863,680)	(2,863,680)
Dividend declared (Note 21)	-	-	-	-	-	-	-	(60,000,000)	(60,000,000)
Balance at 31 December 2022	150,000,000	145,553,708	1,540,888	(3,209,156)	7,781,875	845,696	4,934,795	149,262,963	456,710,769

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

**Consolidated statement of cash flows
For the year ended 31 December 2023**

In Qatari Riyals

	Note	2023	2022 (Restated)
Cash flows from operating activities			
Net income for the year		142,799,281	101,335,310
Policyholders' surplus for the year		(54,611,226)	22,052,005
		88,188,055	123,387,315
<i>Adjustments for:</i>			
Depreciation on property and equipment	28	1,577,133	1,193,801
Depreciation on right-of-use assets		616,011	796,577
Amortisation of deferred Ijarah cost		47,505	65,329
Net realised gain on sale of investment at fair value through equity		(1,182,200)	(1,280,637)
Fair value loss on investment properties		462,548	5,309,733
Provision for employees' end of service benefits	19	816,070	2,717,196
Share of (profit) / loss of associates	14	6,189,098	(3,924,220)
Impairment loss on investment in associates	14	-	2,462,879
Net provision for impairment on financial assets		700,000	4,500,000
Impairment loss on investments at fair value through equity	9(a)	1,023,650	-
Fair value (gain) / losses on investment at fair value through income statement	9(b)	(13,866)	91,239
		98,424,004	135,319,212
Operating profit before working capital changes			
<i>Changes in:</i>			
Contributions receivable		(15,985,151)	(29,474,591)
Prepayments and other assets		7,177,502	(8,889,738)
Retakaful contract assets		(12,358,004)	(43,513,450)
Due from / to reinsurers - net		(10,822,260)	13,514,387
Takaful contract liabilities		25,119,029	94,773,165
Payables and other liabilities		15,762,342	8,424,750
		107,317,462	170,153,735
Cash generated from operating activities			
Surplus distributed to policyholders	18	(17,594,266)	(16,272,431)
Employees' end of service benefits paid	19	(456,068)	(189,842)
Finance cost paid		(47,505)	(90,523)
		89,219,623	153,600,939
Net cash generated from operating activities			
Cash flows from investing activities			
Acquisition of property and equipment	10	(4,397,832)	(6,229,481)
Acquisition of investment properties		-	(199,340)
Net movement in investment deposits		(88,076,951)	(79,328,440)
Dividend received from associates	14	5,530,000	1,510,000
Purchase of investments at fair value through equity	9(a)	(11,919,164)	(25,179,069)
Purchase of investments at fair value through income statement	9(b)	(5,527,936)	(3,263,056)
Proceeds from sale of investments at fair value through income statement		-	1,676,186
Proceeds from sale of investments at fair value through equity		14,352,468	12,638,365
		(90,039,415)	(98,374,835)
Net cash used in investing activities			



The attached notes 1 to 40 form an integral part of these consolidated financial statements.

	Note	2023	2022 (Restated)
Cash flows from financing activities			
Payment of principal portion of Ijarah liabilities		(429,095)	(411,270)
Dividends paid		(66,878,583)	(58,483,441)
Net cash used in financing activities		(67,307,678)	(58,894,711)
Net decrease in cash and cash equivalents		(68,127,473)	(3,643,413)
Cash and cash equivalents at 1 January		158,339,178	161,982,591
Cash and cash equivalents At 31 December	6	90,211,705	158,339,178



The attached notes 1 to 40 form an integral part of these consolidated financial statements.

1. Legal status and activities

Qatar Islamic Insurance Group (Q.P.S.C.) ("the Parent Company") was incorporated in the State of Qatar on October 30, 1993 as a closed Qatari shareholder group under Qatar Companies Law No. 11 of 1981 under Commercial Registration No. 16584. On 12 December 1999 the Parent Company changed its status to a public listed company and accordingly listed its shares on the Qatar exchange market. The Group's registered address is C ring road – opposite Gulf Cinema, P.O. Box: 22676, Doha.

The Parent Company is primarily engaged in the business of underwriting general, property, motor, takaful and health (life) in accordance with the provisions of Islamic Shari'a. The Group also invests its capital and other resources in all related activities.

The Group has incorporated a fully owned subsidiary "Qatar Islamic Real Estate Investment Group" which did not commence its operations as of 31 December 2023.

The consolidated financial statements were authorized to issue in accordance with a resolution of Board of Directors on 15 February 2024.

2. Basis of preparation

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organization for Islamic Financial Institutions ('AAOIFI'), and applicable provisions of Qatar Commercial Companies Law No. 11 of 2015 and applicable provisions of Qatar Central Bank's rules and regulations.

In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses guidance from the relevant International Financial Reporting Standard ('IFRS') as issued by the International Accounting Standards Board ('IASB').

b. Principal consolidated financial statements

As per FAS - 12 General Presentation and Disclosure in the Financial Statement of Islamic takaful Companies issued by the AAOIFI, the Group is required to present the consolidated statements of financial position comprising shareholders' and policyholders' assets and liabilities and the consolidated statements of shareholders' income, policyholders' revenues and expenses, policyholders' surplus or deficit, changes in shareholders' equity, and cash flows.

c. Functional and presentational currency

The consolidated financial statements are presented in Qatari Riyal (QR), which is the Group's functional and presentational currency. Amounts presented have been rounded off to the nearest QR.

d. Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for certain "investments at fair value through equity", "investments at fair value through income statements" financial instruments and investment properties that are measured at fair value, in accordance with the principal accounting policies as set out below.

e. Significant accounting judgment, estimates and assumptions

The preparation of the consolidated financial statements in conformity with FAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. Basis of preparation (continued)

e. Significant accounting judgment, estimates and assumptions (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

3. Standards, Interpretations and amendments to the published accounting and reporting standards

New standard, interpretations and amendments effective from 1 January 2023

During the year, the Group applied the following standards and amendments to standards have been applied in preparation of these consolidated financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net results or equity of the Group and has no effect on the consolidated financial statements.

a. FAS 39 Financial Reporting for Zakah

AAOIFI has issued FAS 39 Financial Reporting for Zakah in 2021. The objective of this standard is to establish principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial Institution. This standard supersedes FAS 9 Zakah and is effective for the financial reporting periods beginning on or after 1 January 2023 with an option to early adopt.

This standard shall apply to institution with regard to the recognition, presentation and disclosure of Zakah attributable to relevant stakeholders. While computation of Zakah shall be applicable individually to each institution within the Group, this standard shall be applicable on all consolidated and separate / standalone financial statements of an institution.

This standard does not prescribe the method for determining the Zakah base and measuring Zakah due for a period. An institution shall refer to relevant authoritative guidance for determination of Zakah base and to measure Zakah due for the period. (for example: AAOIFI Shari'a standard 35 Zakah, regulatory requirements or guidance from Shari'a supervisory board, as applicable).

The Group has assessed the impact of the adoption of this standard and there is no significant impact on the Group's consolidated financial statements.

b. FAS 41 Interim financial reporting

This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic Financial Institutions in line with various financial accounting standards issued by AAOIFI. This standard also provides an option for the institution to prepare a complete set of financial statements at interim reporting dates in line with the respective FAS's.

The Group has assessed the impact of the adoption of this standard and there is no significant impact on the Group's consolidated financial statements.

3. Standards, Interpretations and amendments to the published accounting and reporting standards (continued)

New standards, amendments and interpretations issued but not effective

The Group has not yet applied the following new and revised FASs that have been issued but are not yet effective:

a) FAS 1 General Presentation and Disclosures in the Financial Statements

AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

Some of the significant revisions to the standard are as follows:

- i. Revised conceptual framework is now integral part of the AAOIFI FAS's;
- ii. Definition of Quassi equity is introduced;
- iii. Definitions have been modified and improved;
- iv. Concept of comprehensive income has been introduced;
- v. Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
- vi. Disclosure of Zakah and Charity have been relocated to the notes;
- vii. True and fair override has been introduced;
- viii. Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- ix. Disclosures of related parties, subsequent events and going concern have been improved;
- x. Improvement in reporting for foreign currency, segment reporting;
- xi. Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to banks and similar IFI's and third part prescribes the authoritative status, effective date and amendments to other AAOIFI FAS's; and
- xii. The illustrative financial statements are not part of this standard and will be issued separately.

The Group is assessing the impact of the adoption of this standard and expects changes in certain presentation and disclosures in its consolidated financial statements in line with the wider market practice.

3. Standards, Interpretations and amendments to the published accounting and reporting standards (continued)

New standards, amendments and interpretations issued but not effective (continued)

b) FAS 42 Presentation and Disclosures in the Financial Statements of Takaful Institutions

This standard sets out the principles for the presentation and disclosure in the financial statements of Takaful Institutions and prescribes the set of financial statements that the institutions should periodically publish to satisfy the common information needs of users of financial statements. Further this standard also establishes the general principles of presentation of information and adequately reflecting the rights and obligations of different stakeholders within the Takaful business model. This standard should be read in conjunction with FAS 43 – Accounting for Takaful Recognition and Measurement.

This standard supersedes the existing FAS 12 General presentation and disclosures in the financial statements of Islamic Insurance Companies and introduces following key changes:

- a) the standard is aligned with the AAOIFI Conceptual Framework for Financial Reporting (Revised 2020) and FAS 1 General Presentation and Disclosures in the Financial Statements;
- b) the presentation and disclosure in the standard have been amended to be aligned with the Sharia principles and rules relating to Takaful, whereby the Takaful operator is distinct from the participants' funds (including participants' Takaful fund (PTF) and participants' investment fund (PIF));
- c) the PTF and PIF are considered to be off-balance sheet assets under management, therefore, separate from the Takaful Operator;
- d) statements for the managed PTF and managed PIF have been introduced, including separate statements for financial position and financial activities of the managed PTF;
- e) disclosures of Zakah, Charity and Qard funds have been relocated to the notes to the financial statements in line with FAS 1; and
- f) new definitions of Takaful, Takaful institution, Takaful operator, PIF and PTF have been introduced.

This standard is applicable to all Takaful institutions regardless of their legal form or size, including Takaful window operations and is effective for the financial reporting periods beginning on or after 1 January 2025 with an option to early adopt.

The Group is currently evaluating the impact of the above standard.

c) FAS 43 Accounting for Takaful Recognition and Measurement

This standard supersedes the following FAS; FAS 13 – Disclosure of Bases for Determining and Allocation Surplus or Deficit in Islamic Insurance Companies; FAS 15 – Provisions and Reserves in Islamic Insurance Companies and FAS 19 – Contributions in Islamic Insurance Companies introduces following key changes:

- i. the standard is aligned with the AAOIFI Conceptual Framework for Financial Reporting (Revised 2020) and FAS 1 General Presentation and Disclosures in the Financial Statements;
- ii. the principal accounting treatments in respect of Takaful arrangements have been aligned with the globally generally accepted accounting principles and newer regulatory requirements (where applicable);
- iii. new accounting treatments have been introduced in respect of matters which were not addressed or superseded standards or were not in line with the global best practices, particularly with regard to the accounting for provisions (or liability, as appropriate) for Takaful arrangements and accounting treatment and presentation for the investment component;

3. Standards, Interpretations and amendments to the published accounting and reporting standards (continued)

New standards, amendments and interpretations issued but not effective (continued)

c) FAS 43 Accounting for Takaful Recognition and Measurement (continued)

- iv. accounting treatments mapped in the standard are mapped to the Sharia principles and rules relating to Takaful, including the rights and obligations of respective stakeholders of Takaful arrangements;
- v. new definitions for the accounting terms in respect of the newly introduced accounting treatments, as well as, improved definitions for earlier used terms, have been incorporated; and
- vi. accounting treatments respect to ancillary transactions have been introduced, particularly the transactions and balances between various stakeholders of Takaful institutions, eg. Accounting for Wakala fees and Qard Hassan.

Under the transitional provisions of this standard, following approaches are prescribed upon first time adoption:

- 1 A full retrospective approach – whereby the effects of transition shall be incorporated from the beginning of the earliest period presented in the financial statements; however, the disclosure of the effect of such adoption in each line item and to the basic and diluted earnings per share shall not be mandatory; or
- 2 A modified retrospective approach – whereby effects of transition shall be taken to retained earnings, as well as accumulated surplus or deficit in the respective Takaful funds at the beginning of the current financial period; or
- 3 A fair value option – whereby the Takaful residual margin or loss component of the provision for the remaining entitlement period, at the transition date (beginning of the current period) shall be determined as the difference between fair value of Takaful arrangements at that date and the fair value of the fulfilment cashflows measured at that date, and the corresponding effects shall be adjusted in the retained earnings of Takaful institution, as well as accumulated surplus or deficit in the respective Takaful funds.

This standard shall apply to Takaful institutions (including in their capacity of being Takaful operators) and their managed participants' Takaful fund (PTF) and managed participants investment funds (PIF) in respect of the following, a) Takaful arrangements, including re-Takaful arrangements issued; b) re-Takaful arrangements held; c) investment contracts with or without discretionary features that are issued along with, and part of, the Takaful arrangements; and d) ancillary transactions related to Takaful operations. This standard is effective for the financial reporting periods beginning on or after 1 January 2025 with an option to early adopt.

The Group is currently evaluating the impact of the above standard.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group except for the changes resulting from the adaption of new accounting standards during the current year as mentioned in note 3.

a) Basis of consolidation

i. Subsidiary

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2023 (together referred to as the "Group"). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

4. Significant accounting policies (continued)

a) Basis of consolidation (continued)

i. Subsidiary (continued)

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements and;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss is attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

ii. Non-controlling interest

The Group treats transactions with non-controlling interest as transactions with equity holders of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognized in equity in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other equity are reclassified to consolidated income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in equity is reclassified to consolidated income statement where appropriate.

4. Significant accounting policies (continued)

a) Basis of consolidation (continued)

iii. Transactions eliminated on consolidation

Intra-group balances, income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group.

Gross contributions

Gross contributions (contributions) represent policies underwritten during the year, net of refunds and discounts granted. Gross contributions for takaful business are recognised on the date on which the policy incepts.

Net commission expenses/ income and advance commission fee

Net commission expenses are amortised over the period in which the related contributions are earned. Net commission income and advance commission fee that relate to periods of risk that extend beyond the end of the financial year is included under "Contribution and other receivables" in consolidated statement of financial position.

Wakala fee

The Shareholders' fund is entitled for an annual fixed management fee for Takaful Contributions received during the year. Wakala fee is computed at certain percentage of takaful contributions. The actual rate for each year is determined by the Shari'a Supervisory Board with co-ordination with the Group's Board of Directors.

Mudarba share

The Mudarib share represents management fee payable to the shareholders by the policyholders for managing their investments. The certain percentage of the net income received on the investments of the policyholders are recognized as Mudarba share. The actual rate for each year is determined by the Shari'a Supervisory Board with co-ordination with the Group's Board of Directors.

Dividend income

Dividend income is recognised when the right to receive the dividends is established or when received.

Rental income

Rental income is recognised in the income statement on a straight-line basis over the ijarah term.

Income from deposits

Income from deposits with banks is accounted for on the basis of the Group's share of profits distributed by the banks taking into account the principal outstanding.

c) Retakaful share of contributions

Retakaful share of contributions are amounts paid to reinsurers in accordance with the re-takaful contracts of the Group. The retakaful share of contributions are recognized on the date on which the policy incepts.

4. Significant accounting policies (continued)

d) Claims

Claims consist of amounts payable to policyholders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to income as incurred. Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the end of the reporting period, whether reported or not.

Provisions for reported claims not paid as at the end of the reporting period are made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognised outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

The Group does not discount its liability for unpaid claims as substantially all claims are expected to be paid within 12 months of the reporting period.

e) Unexpired risk reserve (unearned contribution)

Contribution income under a policy is recognized over the period of takaful from the date of inception of the policy to which it relates to its expiry.

The reserve for unexpired risk represents the estimated portion of net contribution income which relates to periods of takaful subsequent to the consolidated statement of financial position date. The reserve is calculated using the actual number of day's method. The reinsurers' share on estimated liability of Reported But Not Settled (RBNS), Incurred But Not Reported (IBNR) and unexpired takaful contribution is separately classified as Retakaful assets in the consolidated statement of financial position.

The Unearned Contribution Reserve (UCR) for pre-claims liabilities under takaful policies is determined by apportioning the contribution over the duration of each policy, i.e., each policy contribution is divided by 'the total number of days for which cover is provided under a policy' and multiplied by 'the un-expired number of days. For Engineering, a non-linear formula is used to determine the Unearned Contribution Reserve. For Engineering products such as Contractors' and Erection (All Risks), risk increases linearly with the duration of the project such that the risk faced is 100% at the expiry of the contract. The rate at which the contribution is earned is deemed to increase at the same rate at which the risk faced increases over the Lifetime of the policy. This results in the majority of the contribution being earned towards the expiry of the policy. For Marine policies, the Group is using 25% of written contribution as its unearned contribution reserve.

f) Provisions

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

The amount 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 some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.

4. Significant accounting policies (continued)

f) Provisions (continued)

Provision for outstanding claims

Provision for outstanding claims is recognized at the date the claims are known and covers the liability for loss and loss adjustment expenses based on loss reports from independent loss adjusters and management best estimate. The method for making such estimates and for establishing the resulting liability is continually reviewed.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the end of the reporting period. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims incurred but not reported (IBNR)

Claims provision also includes a liability for claims incurred but not reported as at the statement of financial position date. An independent actuarial expert is appointed every subsequent year to assess the adequacy of reserves to meet future outstanding liabilities. The liability is generally calculated at the reporting date after considering the independent actuarial report, historic trends, empirical data and current assumptions that may include a margin for adverse deviations. The liability is not discounted for the time value of money.

Provision for unallocated loss adjustment expense (ULAE)

Provision for unallocated loss adjustment expense represents an estimate of ultimate payments for losses and related settlement expenses from claims that have been reported but not paid. The loss reserve estimates are expectations of what ultimate settlement and administration of claims will cost upon final resolution. These estimates are based on facts and circumstances then known to us, review of historical settlement patterns, estimates of trends in claims frequency and severity, projections of loss costs, expected interpretations of legal theories of liability and other factors. In establishing the provision, we also take into account estimated recoveries from retakaful, salvage and subrogation. The provision is reviewed regularly by the Group's actuary.

Provision for contribution deficiency (CDR)

At the end of each reporting period, provision is made for contribution deficiency arising from general takaful contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned contribution provision and already recorded claim liabilities in relation to such policies. The provision for contribution deficiency is made by reference to classes of business at the date of statement of financial position based on actuarial estimates.

Mathematical reserves

Mathematical reserves are calculated as the actuarial value of the accrued future cash flows, which takes the actual risk into account. Insurers' assets are valued on the basis of their real market value, (best estimate).

Employees' end of service benefits

A provision is made for employees end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salaries and accumulated periods of service.

Under labor law, the Group is required to make contributions to a government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

The Group has no expectation of settling its employees' end of service benefits obligation in near term. The provision is not discounted as the difference between the provision stated in the consolidated statement of financial position and net present value is not expected to be significant.

4. Significant accounting policies (continued)

g) Surplus in policyholders' funds

Surplus on policyholders' fund represents accumulated gains on takaful activities and are distributed among the participants by underwriting year on development of business. The Group calculates the underwriting surplus attributable to the policyholders on the basis of segregation between the different types of insurance. The Group allocates the underwriting surplus after deducting the claims paid to them during the financial period, which is approved by the Sharia Supervisory Board of the Group. The Group has a policy to recognize unclaimed surplus to other income if it is unclaimed for a period of 5 years.

h) Takaful receivables

Takaful balances receivable are stated at original invoice amount, less any impairment for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred. If there is objective evidence that the contribution receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Group reduces the carrying amount of the takaful receivable accordingly and recognizes that impairment loss in the Consolidated statement of policyholders' revenue and expenses.

Provision for impairment in takaful receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

For certain categories of assets, such as takaful receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of contribution receivables, where the carrying amount is reduced through the use of an allowance account. When a contribution receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated income statement/consolidated statement of policyholders' revenue and expenses.

i) Retakaful Assets

The Group cedes takaful risk in the normal course of business for all of its businesses. Retakaful contract assets represent balances due from Retakaful companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the Retakaful contract.

Retakaful assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the re-takaful asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the Retakaful. The impairment loss is recorded in the consolidated statement of policyholders' revenues and expenses.

Ceded Retakaful arrangements do not relieve the Group from its obligations to policyholders.

Contributions and claims on assumed Retakaful are recognized as income and expenses in the same manner as they would be if the Retakaful were considered direct business, taking into account the product classification of the reinsured business.

4. Significant accounting policies (continued)

i) Retakaful assets (continued)

Retakaful contract liabilities represent balances due to retakaful companies. Amounts payable are estimated in a manner consistent with the associated retakaful contract.

Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

j) Investment securities

Investment securities comprise investments in debt-type and equity-type financial instruments.

Classification

Under FAS 33 "Investment in Sukuks, shares and similar instruments", each investment is to be categorized as investment in:

- a) equity-type instruments.
- b) debt-type instruments, including (monetary and non-monetary); and
- c) other investment instruments

Unless irrevocable initial recognition choices provided in para 10 of the standard are exercised, an institution shall classify investments as subsequently measured at either of (i) amortized cost, (ii) fair value through equity or (iii) fair value through income statement, on the basis of both:

- a) the Group's business model for managing the investments; and
- b) the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

(i) Amortized cost

An investment shall be measured at amortized cost if both of the following conditions are met:

- a) the investment is held within a business model whose objective is to hold such investment in order to collect expected cashflows till maturity of the instrument; and
- b) the investment represents either a debt-type instrument or other investment instrument having reasonable determinable effective yield.

(ii) Fair value through equity

An investment shall be measured at fair value through equity if both of the following conditions are met:

- a) the investment is held within a business model whose objective is achieved by both collecting expected cash flows and selling the investment; and
- b) the investment represents a non-monetary debt-type instrument or other investment instrument having reasonable determinable effective yield.

(iii) Fair value through income statement

An investment shall be measured at fair value through income statement unless it is measured at amortized cost or at fair value through equity or if irrevocable classification at initial recognition is applied.

Irrevocable classification at initial recognition

The Group may make an irrevocable election to designate a particular investment, at initial recognition, being:

- a) an equity-type instrument that would otherwise be measured at fair value through income statement, to present subsequent changes in fair value through equity; and
- b) a non-monetary debt-type instrument or other investment instrument, as measured at fair value through income statement if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring

4. Significant accounting policies (continued)

j) Investment securities (continued)

(iii) Fair value through income statement (continued)

Irrevocable classification at initial recognition (continued)

assets or correlated liabilities or recognizing the gains and losses on them on different bases.

Recognition and derecognition

Investment securities are recognized at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument. Investment securities are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

Measurement

a) Initial recognition

Investment securities are initially recognized at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through income statement which are charged to consolidated statement of policyholders' revenue and expenses and income.

b) Subsequent measurement

Investments at fair value through income statement are remeasured at fair value at the end of each reporting period and the resultant remeasurement gains or losses is recognized in the consolidated statement of policyholders' revenue and expenses and consolidated statement of income in the period in which they arise. Subsequent to initial recognition, investments classified at amortized cost are measured at amortized cost using the effective profit method less any impairment allowance. All gains or losses arising from the amortization process and those arising on de-recognition or impairment of the investments, are recognized in the consolidated statement of policyholders' revenue and expenses and consolidated statement of income.

Investments at fair value through equity are remeasured at their fair values at the end of each reporting period and the resultant gain or loss, arising from a change in the fair value of investments are recognized in the consolidated statement of changes in equity and presented in a separate fair value reserve within equity. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is transferred to the consolidated statement of policyholders' revenue and expenses and consolidated statement of income.

Investments which do not have a quoted market price or other appropriate methods from which to derive a reliable measure of fair value when on a continuous basis cannot be determined, are stated at cost. If on a subsequent date, a reliable measure of fair value is determinable, the investment shall be measured at fair value.

Measurement principles

Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortization using the effective profit method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or an obligation settled between well informed and willing parties (seller and buyer) in an arm's length transaction. The Group measures the fair value of quoted investments using the market bid price for that instrument at the

4. Significant accounting policies (continued)

j) Investment securities (continued)

(iii) Fair value through income statement (continued)

b) Subsequent measurement (continued)

Measurement principles (continued)

Fair value measurement (continued)

close of business on the statement of financial position date. For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same or is based on the assessment of future cash flows. The cash equivalent values are determined by the Group by discounting future cash flows at current profit rates for contracts with similar term and risk characteristics.

k) Financial assets

All financial assets are recognized at the time when Group becomes a party to the contractual provisions of the instrument and de recognized when the Group loses control on contractual rights that comprise the financial assets. Any gain or losses on de recognition of financial assets are taken to income directly.

Financial assets are classified into the following specified categories: financial assets at fair value through income statement, investments at fair value through equity and other financial assets (cash at banks). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition to the net carrying amount on initial recognition.

I. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are carried at amortized cost in the consolidated statement of financial position.

For the purpose of cash flow, cash and cash equivalents are shown net of bank overdrafts.

II. Impairment of financial assets

The Group recognizes loss allowances for Expected Credit Losses (ECL) on the other financial instruments that are not measured at FVTIS.

The Group measures loss allowances for other financial instruments on which credit risk has not increased significantly since their initial recognition, for which they are measured as 12-month ECL.

The Group classifies assets and exposures into three categories based on the nature of risks involved (i.e. credit risk and other risks) and prescribes three approaches for assessing losses for each of these categories of assets: 1) Credit Losses approach, 2) Net Realizable Value approach ("NRV") and 3) Impairment approach.

For the purpose of this standard, the assets and exposures shall be categorized, as under:

a) Assets and exposures subject to credit risk (subject to credit losses approach):

(i) Receivables; and

(ii) Off-balance sheet exposures.

b) Inventories (subject to net realizable value approach);

c) other financing and investment assets and exposures subject to risks other than credit risk (subject to impairment approach), excluding inventories.

4. Significant accounting policies (continued)

k) Financial assets (continued)

Credit losses approach

This approach uses a dual measurement approach for receivables and off-balance sheet exposures, under which the loss allowance is measured as either a 12-month expected credit loss or a lifetime expected credit loss.

Expected credit losses ('ECL')

This credit losses approach with a forward-looking 'expected credit loss' model applies to financial assets which are subject to credit risk. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk (SICR);
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

Measurement of ECL

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

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the financed counterparty or issuer.
- A breach of contract such as a default or past due event.
- The disappearance of an active market for a security because of financial difficulties.

Impairment approach

Assets (or group of assets with common characteristics) subject to impairment approach shall include other financing and investment assets and exposures subject to risks other than credit risk (other than inventories), other than investments carried at fair value through income statement.

Impairment loss is the amount by which the carrying amount of assets exceeds its recoverable amount. In case of investments carried at amortized cost and fair value through equity, a significant or prolonged decline of fair value of an investment below its cost is also objective evidence of impairment. If any such evidence exists for equity-type investments classified as fair value through equity, the cumulative loss previously recognized in the statement of changes in equity is removed from equity and recognized in the consolidated statement of income.

III. *Change in estimate and reversal*

The Group shall re-assess the estimates of impairment, credit losses (including changes in respective stages of credit risk), provisions for off-balance sheet exposures, provisions against onerous commitments and contracts and adjustment for net realizable value at each reporting date.

Changes in estimate (including reversals) shall be recognized in the consolidated income statement for the period of their re-assessment.

For investments at fair value through equity, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

4. Significant accounting policies (continued)

k) Financial assets (continued)

Impairment approach (continued)

III. Change in estimate and reversal (continued)

When an investment at fair value through equity is considered to be impaired, cumulative gains or losses previously recognized in equity are reclassified to the consolidated income statement / statement of policyholders' revenue and expenses for the year.

In respect of investments at fair value through equity, impairment losses previously recognized through the consolidated income statement are not reversed through the income statement/ consolidated statement of policyholders' revenue and expenses. Any increase in fair value subsequent to an impairment loss is recognized in equity and accumulated under the heading of fair value reserve. In respect of investments in debt securities, impairment losses are subsequently reversed through the income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

IV. Derecognition of financial assets

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial asset, which is normally the case when the asset is sold, or all the cash flows attributable to the asset are passed through to an independent party.

V. Offsetting

Financial assets and liabilities are offset only when there is legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

l) Investment in associates (equity-accounted investees)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

The results of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses in an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the

cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest

4. Significant accounting policies (continued)

l) Investment in associates (*equity-accounted investees*) (continued)

is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FAS 30. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of. When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

m) Property and equipment

Recognition and measurement

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in consolidated income statement or consolidated statement of policyholders' revenues and expenses.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in consolidated income statement or consolidated statement of policyholders' revenues and expenses as incurred.

Depreciation

Depreciation is calculated on a straight-line method over the estimated useful lives of fixed asset other than freehold land which is determined to have an indefinite life as follows:

Buildings	4%
Computer and equipment	25%
Furniture and fixtures	25%
Motor vehicles	25%

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

Gain or (Losses) on Disposal

The gain or loss arising on the disposal of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated income statement or consolidated statement of policyholders' revenues and expenses.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

4. Significant accounting policies (continued)

m) Property and equipment (continued)

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in consolidated income statement or consolidated statement of policyholders' revenues and expenses to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in the revaluation reserve. Any loss is recognized in consolidated income statement or consolidated statement of policyholders' revenues and expenses. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognized in consolidated income statement or consolidated statement of policyholders' revenues and expenses and reduces the revaluation surplus within equity.

n) Investment properties

Land and buildings are considered as investment properties only when they are being held to earn rentals or for long term capital appreciation or both.

Investment properties are measured initially at cost, includes all directly attributable costs including the borrowing costs that are directly attributable to the construction of the assets and excludes the cost of day-to-day servicing of an investment property. Subsequent to the initial recognition, investment properties are stated at fair value, which reflects market condition at the reporting date.

Any unrealised gains arising from the change in the fair value of investment properties carried at fair value shall be adjusted in equity against the "property fair value reserve". Any unrealised losses resulting from remeasurement at fair value of investment properties carried at fair value shall be adjusted in property fair value reserve to the extent of such losses exceed the available credit balance of this reserve. In case such losses exceed the available balance, the unrealised losses shall be recognised in consolidated income statement or consolidated statement of policyholders' revenues and expenses. In case such losses relating to investment properties that have been recognized in consolidated income statement or consolidated statement of policyholders' revenues and expenses in a previous financial period shall be recognised in consolidated income statement or consolidated statement of policyholders' revenues and expenses to the current financial period, the unrealised gains relating to the current financial period shall be recognised to the extent of crediting back such previous losses in the consolidated income statement.

Fair values are determined based on an annual valuation performed by accredited external independent valuers applying a valuation model recommended by the International Valuation Standards Committee.

An item of investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in consolidated income statement or consolidated statement of policyholders' revenues and expenses in the year the asset is derecognized after adjusting the available balance on the property fair value reserve account attributable to the asset disposed.

Property under construction

Properties in the course of construction for rental are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other investment properties, commences when the assets are ready for their intended use.

4. Significant accounting policies (continued)

o) Right-of-use assets

Recognition and measurement

Right-of-use assets are recognized at the ijarah commencement date at cost, which comprises the initial amount of the ijarah liability (see accounting policy "Ijarah liabilities") adjusted for any prepaid and accrued ijarah expense made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any ijarah incentives received.

Subsequent measurement

Items of right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of a right-of-use asset using the straight-line method over the earlier of the ijarah term and its useful life. It is depreciated over its useful life, if the ijarah agreement either transfers ownership of the right-of-use asset to the Group by the end of the ijarah term or reflects that the Group will exercise a purchase option at the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

In addition, the carrying value of a right of use asset may be periodically adjusted for certain remeasurements of the related ijarah liability (see accounting policy "Ijarah liabilities").

Derecognition

An item of a right-of-use asset is derecognized at the earlier of end of the ijarah term, cancellation of ijarah contract or transfer of control of the underlying asset. In case control of the underlying asset passes to the Group the carrying value of the right-of-use asset is reclassified to property and equipment.

p) Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

q) General and administrative expenses

General and administrative expenses are charged to the consolidated income statement of shareholders.

4. Significant accounting policies (continued)

r) Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to consolidated income statement or consolidated statement of policyholders' revenues and expenses except when it relates to items where gains or losses are recognised directly in equity, where the gain or loss is then recognised net of the exchange component in equity.

s) Fair values

The Group measures financial and certain non-financial instruments at fair value at each consolidated financial position date. Fair value related disclosures for such instruments are disclosed in the following notes:

- financial assets at fair value through equity in Note 9.
- financial assets at fair value through income statement in Note 9.
- quantitative disclosures of fair value measurement hierarchy in Note 36.
- disclosures for valuation methods, significant estimates and assumptions in Note 36.

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

The Group determines the policies and procedures for both recurring fair value measurement such as unquoted financial assets at fair value through other comprehensive income and for non-recurring measurement.

External valuers are involved in the valuation of significant assets and liabilities, such as takaful contract liabilities. Involvement of external valuers is decided upon annually by the management after

4. Significant accounting policies (continued)

s) Fair values (continued)

discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

Financial assets at fair value through equity / profit or loss

Quoted equity instruments

The fair value of equity instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets at the close of business on the consolidated statement of financial position date.

Managed funds

The fair value of managed funds that are actively traded in organized secondary financial market is determined by reference to published net asset values and offer prices at the close of business on the consolidated statement of financial position date.

Unquoted equity instruments

At each reporting period, the management internally estimates the fair values of unquoted equity instruments using adjusted net asset value method which is a permitted valuation technique by IFRS-13.

Quoted bonds and debt instruments

The fair value of debt instruments that are actively traded in organized and secondary financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities at the close of business on the consolidated statement of financial position date.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

t) Ijarah

Group as a lessee (operating lease):

At inception of a contract, the Group assesses whether a contract is, or contains, an ijarah. A contract is, or contains, an ijarah if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

4. Significant accounting policies (continued)

t) Ijarah (continued)

Group as a lessee (operating lease): (continued)

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Where it is established that the Group is a lessee, a right-of-use asset (See accounting policy "Right-of-use assets") and an ijarah liability are recognized at the ijarah commencement date.

The ijarah liability is initially recognized net of (i) gross amount of total ijarah rentals payable for the ijarah term and (ii) related deferred ijarah cost, being the difference between the gross ijarah liability and the prime cost of right-of-use asset. Deferred ijarah cost is amortized over the ijarah term based on effective rate of return method to consolidated income statement.

Ijarah payments included in the measurement of the ijarah liability comprise the following:

- fixed ijarah rentals less any incentives receivable.
- variable ijarah rentals including the supplementary rentals duly measured at best estimates applying the index rates and other assumptions as of the commencement date.
- payments of additional rentals, if any, for terminating the ijarah, if the ijarah term reflects the lessee exercising an option to terminate the ijarah, subject to Sharia requirements.

Short-term ijarah and ijarah of low-value assets

The Group has elected not to recognize right-of-use assets and ijarah liabilities for short-term ijarah of properties that have an ijarah term of 12 months or less and ijarah of low-value assets. The Group recognizes the ijarah payments associated with these ijarah as an expense on a straight-line basis over the ijarah term.

Ijarah – Group as a lessee (finance lease):

Ijarah of property and equipment where the Group had substantially all the risks and rewards of ownership were classified as finance ijarah. Finance ijarah were capitalized at the inception of the ijarah at the lower of the fair value of the leased property and the present value of the minimum ijarah payments. Each ijarah payment was allocated between the liability and ijarah cost so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of ijarah cost, were shown on the consolidated statement of financial position as finance ijarah liabilities. The cost element of the ijarah cost was charged to consolidated profit or loss over the ijarah period so as to produce a constant periodic rate of return on the remaining balance of the liability for each period. The assets acquired under finance ijarah were depreciated on a straight-line basis over the shorter of the ijarah term and their useful economic life, unless there was reasonable certainty that the Group would obtain ownership by the end of the lease term, in which case the assets were depreciated over their estimated useful lives.

Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating ijarah. Payments made under operating ijarah (net of any incentives received from the lessor) were charged to consolidated income statement on a straight-line basis over the period of the ijarah.

u) Earnings per share

Basic earnings per share is calculated by dividing profit of loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effect of any dilutive instruments.

4. Significant accounting policies (continued)

v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Segment results that are reported to senior management includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses. All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

For management purposes, the Group is organized into business units based on its business activities and has four reportable segments: takaful, investment, real estate and unallocated. takaful segment represents the results of takaful and Retakaful business.

Further, takaful segment is organized into three major takaful lines that it manages and operates independently. The major takaful lines are:

- General Accident: issuing contracts that provide comprehensive cover to the insured's properties and cover every step of the distribution chains, including goods in transit, storage, and project cargo for specialist shipments and to protect organizations from the many varied risks to any vessels.
- Life and medical: providing cover to protect insured financially from unforeseen accidents that cause bodily injury or harm. The cover compensates for accidental death/injury, permanent/temporary disability, medical expenses, and emergency transportation costs.
- Motor: issuing contracts that provide comprehensive cover to the insured's motor vehicles and third party.

w) Social and sports contribution fund

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2012, which is applicable to all Qatari listed shareholding companies with publicly traded shares, the Group has made an appropriation of 2.5% of its net profit to a state social fund.

x) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's shareholders.

y) Shari'a supervisory board

The Group's business activities are subject to the supervision of a Sharia Committee appointed by the Shareholders. The Sharia Supervisory Board performs a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Sharia rules and principles.

z) General reserve

As per the articles of association of the Group, the directors may create a general reserve in shareholders equity to meet the contribution deficiency that may arise.

aa) Legal reserve

Legal reserve is computed in accordance with the provisions of the Qatar Central Bank (QCB) regulations, Qatar Commercial Companies' Law and the company's Articles of Association at 10% of the net profit for the year. This reserve is to be maintained until it equates 100% of the paid-up capital and is not available for distribution except in circumstances specified in the Qatar Central Bank (QCB) regulations and Qatar Commercial Companies Law.

4. Significant accounting policies (continued)

bb) Share of profit from associates

As per the Qatar Central Bank's instructions dated 4 March 2019, share of profits of associates should be transferred from the retained earnings to reserve for share of profits of associates. Declared and received dividends from associates are distributable portion of this reserve.

5. Critical judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

- Impairment of contributions receivable

The Group's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the consolidated statement of profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

- Claims made under takaful contracts

The estimation of the ultimate liability arising from claims made under takaful contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. The ultimate cost of settling claims is estimated using a range of loss reserving methods. These techniques assume that the Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The assumptions used, including loss ratios and future claims inflation are implicitly derived from the historical claims development data on which the projections are based, although judgment is applied to assess the extent to which past trends might not apply in the future trends are expected to emerge. Also, the estimation for claims IBNR using statistical models include an estimation made to meet certain contingencies such as unexpected and unfavourable court judgments which may require a higher payout than originally estimated and settlement of claims, which may take longer than expected, resulting in actual payouts being higher than estimated.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and management estimations for the claims incurred but not reported. The method for making such estimates and for establishing the resulting liability is continually reviewed. Any difference between the actual and the provisions made are included in the consolidated statement of policyholders' revenue and expenses in the year of settlement.

5. Critical judgments and key sources of estimation uncertainty (continued)

- *Liability adequacy test*

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the takaful liabilities. In performing these tests, current best estimates of future cash flows and claims handling and administration expenses are used. Any deficiency is presented separately, under the policyholders' liabilities and equity in the consolidated statement of financial position.

- *Going concern*

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. The Company has been profitable and it has positive net asset and working capital positions. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

- *Impairment of investments at fair value through equity*

The Company follows the guidance of FAS 33 "Investment in Sukuk, Shares and Similar Instruments" to determine when investment at fair value through equity is impaired. This determination requires significant judgment. In making this judgement, the Company assesses, among other factors, whether objective evidence of impairment exists. The Company determines that investment securities are impaired when there has been a 'significant' or 'prolonged' decline in the fair value below its cost. The determination of what is 'significant' i.e. decline in market value by 30%, or 'prolonged' i.e. continues decline for nine months, requires judgment and is assessed based on qualitative and quantitative factors, for each investment securities separately. In making a judgment on impairment, the Company evaluates among other factors, evidence of deterioration in the financial health of the entity, impact of delay in execution, industry and sector performance, changes in technology and operational and financing cash flows.

- *Valuation of investment properties*

The fair values are based market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing when in the parties had each acted knowledgeably, prudently and without compulsion.

Subsequent to initial recognition, the Group's investment properties are stated at fair value, which reflects market condition at the reporting date. In order to assess the need for internal or external valuer based on the size, location and complexity involved in valuing the property. If the expertise is available in-house, the group uses internal valuer to fair value the investment properties.

- *Determining the ijarah term of contracts with renewal and termination options*

Determining the ijarah term of contracts with renewal and termination options The Group determines the ijarah term as the non-cancellable term of the ijarah, together with any periods covered by an option to extend the ijarah if it is reasonably certain to be exercised, or any periods covered by an option to terminate the ijarah, if it is reasonably certain not to be exercised.

6. Cash and bank balances

For the purposes of statement of cash flows, cash and cash equivalents include cash on hand and in banks and term deposits with original maturities of less than three months. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2023	2022
Policyholders		
Cash in hand	581,173	400,334
Investment deposits (Islamic banks) (1)	108,076,951	100,000,000
Current accounts (2)	18,521,178	45,029,182
Saving accounts (Islamic banks)	2,472,993	29,181,642
Total for policyholders (i)	129,652,295	174,611,158
Less: Expected credit loss	(371,974)	(371,974)
Total as per the statement of financial position	129,280,321	174,239,184
Shareholders		
Investment deposits (Islamic banks) (1)	280,000,000	200,000,000
Current accounts (2)	327,400	190,030
Saving accounts (Islamic banks)	68,308,961	83,537,990
Total for shareholders (ii)	348,636,361	283,728,020
Less: Expected credit loss	(557,430)	(557,430)
Total as per the statement of financial position	348,078,931	283,170,590
Total cash and bank balances before expected credit loss (i + ii)	478,288,656	458,339,178
Less: deposits with original maturities of more than ninety days	(388,076,951)	(300,000,000)
Total cash and cash equivalents as per the statement of Cash flows	90,211,705	158,339,178

- 1) Investment deposits earn profit at rates ranging from 4.0% to 6.1% (2022: 2.3 % to 4.6%)
- 2) Included in current accounts non-islamic bank accounts used for the policyholders' contributions paid by credit cards.

7. Contributions receivable

	2023	2022
Contributions receivable	132,268,550	116,283,399
Less: expected credit loss on contribution receivable	(30,227,508)	(29,527,508)
At 31 December	102,041,042	86,755,891

Contributions receivable comprise a large number of customers mainly within the State of Qatar. Four clients account for 38% of the contribution receivables as of 31 December 2023 (2022: 31%).

	2023	2022
0 - 60 days	29,492,423	35,347,437
61 - 90 days	8,195,760	12,773,722
91 - 180 days	30,791,692	30,658,629
181 - 365 days	37,319,250	22,107,915
More than 365 days	26,469,425	15,395,696
Total	132,268,550	116,283,399

7. Contributions receivable (continued)

The movement of the expected credit loss on contributions receivable is as follow:

	2023	2022
Balance at 1 January	29,527,508	28,025,956
Written off during the year	-	(2,998,448)
Charge for the year	700,000	4,500,000
Balance at 31 December	30,227,508	29,527,508

8. Retakaful contract assets and takaful contract liabilities

	2023	2022
<i>Gross takaful contract liabilities</i>		
Claims reported unsettled	171,733,456	143,167,012
Claims incurred but not reported and other reserves	109,849,514	100,533,188
Unearned contributions	188,777,926	201,541,667
	470,360,896	445,241,867
<i>Retakaful share of takaful liabilities</i>		
Claims reported unsettled	122,025,706	102,529,006
Claims incurred but not reported and other reserves	32,777,262	39,563,977
Unearned contributions	69,813,580	70,165,561
	224,616,548	212,258,544
<i>Net takaful liabilities</i>		
Claims reported unsettled	49,707,750	40,638,006
Claims incurred but not reported and other reserves	77,072,252	60,969,211
Unearned contributions	118,964,346	131,376,106
	245,744,348	232,983,323

The amounts due from retakaful are contractually due within a maximum of 3 months from the date of payment of the claims.

8. Retakaful contract assets and takaful contract liabilities (continued)

8.1 Movement in retakaful contract assets and takaful contract liabilities (continued)

	2023			2022		
	Gross takaful liabilities	Retakaful contract assets	Net	Gross takaful liabilities	Retakaful contract assets	Net
At 1 January,						
Claims reported unsettled	143,167,012	102,529,006	40,638,006	120,459,121	89,528,704	30,930,417
Claims incurred but not reported and other reserves	100,533,188	39,563,977	60,969,211	42,060,614	17,495,665	24,564,949
Unearned contributions	201,541,667	70,165,561	131,376,106	187,948,967	61,720,725	126,228,242
Total	445,241,867	212,258,544	232,983,323	350,468,702	168,745,094	181,723,608
<i>Movements during the year</i>						
Claims reported unsettled	28,566,444	19,496,700	9,069,744	22,707,891	13,000,302	9,707,589
Claims incurred but not reported and other reserves	9,316,326	(6,786,715)	16,103,041	58,472,574	39,563,977	60,969,211
Unearned contributions	(12,763,741)	(351,981)	(12,411,760)	13,592,700	8,444,836	5,147,864
Total	25,119,029	12,358,004	12,761,025	94,773,165	61,009,115	75,824,664
At 31 December,						
Claims reported unsettled	171,733,456	122,025,706	49,707,750	143,167,012	102,529,006	40,638,006
Claims incurred but not reported and other reserves	109,849,514	32,777,262	77,072,252	100,533,188	39,563,977	60,969,211
Unearned contributions	188,777,926	69,813,580	118,964,346	201,541,667	70,165,561	131,376,106
Total	470,360,896	224,616,548	245,744,348	445,241,867	212,258,544	232,983,323

9. Financial investments

a. Investments at fair value through equity

	31 December 2023		31 December 2022	
	Policyholders	Shareholders	Policyholders	Shareholders
Quoted investments (i)	38,419,981	3,866,901	47,554,385	6,558,141
Cumulative change in fair value	8,367,582	42,644	(8,628,031)	(1,271,782)
Total (1)	46,787,563	3,909,545	38,926,354	5,286,359
 Unquoted investments (ii)	 7,737,146	 7,741,138	 16,861,765	 7,868,386
Less: Foreign currency reserve for investments at fair value through equity	(4,129,999)	(4,129,996)	(3,209,159)	(3,209,157)
Less: Cumulative change in fair value	(587,803)	(591,798)	(587,803)	(587,803)
Total (2)	3,019,344	3,019,344	13,064,803	4,071,426
 Debt investments (iii)	 907,058	 1,051,211	 1,477,570	 1,477,569
Less: Cumulative change in fair value	130,682	(13,470)	(97,525)	(97,525)
Less: Impairment loss	(34,491)	(34,491)	(34,491)	(34,491)
Total (3)	1,003,249	1,003,250	1,345,554	1,345,553
 Total investment at fair value through equity (1+2+3)	 50,810,156	 7,932,139	 53,336,711	 10,703,338

- (i) The quoted investments constitute mainly securities listed in Qatar Exchange.
- (ii) The unquoted investments represent investments in companies in which the Group is a founding shareholder. These investments are carried at cost less impairments, as the fair value of these investments could not be reliably determined.

The movement in investments at fair value through equity is as follows:

	2023	2022
Balance at 1 January	64,040,049	47,766,390
Additions	11,919,164	25,179,069
Disposals	(13,170,268)	(11,530,534)
Impairment loss for the year	(1,023,650)	-
Cumulative change in fair value	(1,181,320)	3,490,333
Change in foreign currency reserve for investments at fair value through equity for the year	(1,841,680)	(865,209)
Balance at 31 December (Note 1)	58,742,295	64,040,049

9. Financial investments (continued)**a. Investments at fair value through equity (continued)****Note 1:**

Investments at fair value through equity are presented in the consolidated statement of financial position as follows:

	31 December 2023		31 December 2022	
	Policyholders	Shareholders	Policyholders	Shareholders
Investments at fair value through equity	50,810,156	7,932,139	53,336,711	10,703,338

b. Investments at fair value through income statement

Investments classified as fair value through income statement are presented in the statement of financial position as follows:

	31 December 2023		31 December 2022	
	Policyholders	Shareholders	Policyholders	Shareholders
Investments at fair value through income statement	6,720,702	6,133,001	3,875,200	3,436,701

* This constitutes investments in local sukuk.

The movement in investments at fair value through income statement is as follows:

	2023	2022
Balance at 1 January	7,311,901	5,797,900
Additions	5,527,936	3,263,056
Disposals	-	(1,657,816)
Fair value gain / (loss)	13,866	(91,239)
Balance at 31 December	12,853,703	7,311,901

c. Fair value reserve

Change in fair value reserve from investments at fair value through equity and change in fair value reserve from investments in associates:

	31 December 2023		31 December 2022	
	Policyholders	Shareholders	Policyholders	Shareholders
Quoted investments				
Balance at 1 January	8,628,031	1,271,782	9,983,630	1,251,552
Net movement during the year	(260,449)	(1,233,133)	(1,355,599)	20,230
Quoted investments – At fair values (1)	8,367,582	38,649	8,628,031	1,271,782
Unquoted investments (2)	(587,803)	(587,803)	(587,803)	(587,803)
Other investments (3)	130,682	(13,470)	(97,525)	(97,525)
Investment in associates (4)	-	259,242	-	259,242
Balance at 31 December (1+2+3+4)	7,910,461	(303,382)	7,942,703	845,696

10. Property and equipment

(a) Policyholders'	Land	Buildings	Computer and equipment	Furniture and fixtures	Motor vehicle	Work in progress	Total
Cost:							
Balance at 1 January 2022	2,097,093	7,338,253	13,371,580	4,519,433	545,699	120,235	27,992,293
Additions during the year	-	4,000,000	296,909	236,947	780,300	915,325	6,229,481
Disposal during the year	-	-	(34,034)	-	-	-	(34,034)
Balance at 31 December 2022	2,097,093	11,338,253	13,634,455	4,756,380	1,325,999	1,035,560	34,187,740
Additions during the year	-	-	710,690	1,527,142	160,000	2,000,000	4,397,832
Transfer during the year (Note 11)	9,418,724	-	-	-	-	-	9,418,724
Balance at 31 December 2023	11,515,817	11,338,253	14,345,145	6,283,522	1,485,999	3,035,560	48,004,296
Accumulated Depreciation:							
Balance at 1 January 2022	-	4,673,015	11,435,222	4,083,486	545,699	-	20,737,422
Depreciation for the year (Note 26)	-	420,824	630,100	129,872	13,005	-	1,193,801
Balance at 31 December 2022	-	5,093,839	12,065,322	4,213,358	558,704	-	21,931,223
Depreciation for the year (Note 26)	-	420,824	710,328	284,588	161,393	-	1,577,133
Balance at 31 December 2023	-	5,514,663	12,775,650	4,497,946	720,097	-	23,508,356
Carrying value:							
Balance at 31 December 2023	11,515,817	5,823,590	1,569,495	1,785,576	765,902	3,035,560	24,495,940
Balance at 31 December 2022	2,097,093	6,244,414	1,569,133	543,022	767,295	1,035,560	12,256,517

10. Property and equipment (continued)**b) Shareholders'****Cost:**

Balance as at 1 January 2022

Transferred from investment properties (Note 11)

Accumulated Depreciation:

Balance at 1 January 2022 / 31 December 2022 / 31 December 2023

Carrying amounts

Balance as at 31 December 2022 / 31 December 2023

	Land	Total
	9,418,724	9,418,724
	-	-
	9,418,724	9,418,724

11. Investment properties

Investment properties comprise investment in land and buildings in Qatar acquired to earn rental income and for capital appreciation from such properties. The movement in investment properties during the year was as follows:

	2023	2022 (Restated)
a) Policyholders		
At 1 January	105,678,371	113,451,975
Additions	-	67,300
Transferred to property and equipment (1)	(9,418,724)	-
Net fair value gain / (loss)	2,161,424	(7,840,904)
Balance at 31 December	98,421,071	105,678,371
b) Shareholders		
At 1 January	116,330,416	122,801,976
Additions	-	132,041
Transferred to property and equipment (1)	(9,418,724)	-
Net fair value gain / (loss)	2,922,401	(6,603,601)
Balance at 31 December	109,834,093	116,330,416
Investment properties consists of:		
Policyholders		
Building	79,431,971	85,261,537
Land	18,989,100	20,416,834
	98,421,071	105,678,371
Shareholders		
Building	90,531,212	95,913,582
Land	19,302,881	20,416,834
	109,834,093	116,330,416

(1) During the year, the Group transferred Lusail land property to the property and equipment due to change of use based on the board of director resolution.

As at 31 December 2023, the fair value of the Group's investment properties has been arrived on the basis of a valuation carried out by external, independent property valuers, having appropriate

11. Investment properties (continued)

recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value was determined based on the combination of income approach and market comparable approach that reflects recent transaction prices for similar properties. The fair value represents the amount at which the assets could be exchanged between knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. As at 31 December 2023, the fair value at the date of valuation amounted to QR 208.26 million (31 December 2022: QR 231.05 million) for investment properties for shareholders and policyholders'.

- (i) The Group has no restriction on the realisability of its investment properties and has no contractual liabilities either to purchase, construct or develop investment.

(c) Movement of the real estate reserve as follows;

	Total	Policyholders	Shareholders
Balance at 31 December 2021	28,275,496	16,933,815	11,341,681
Net fair value loss on investment properties	(9,134,772)	(5,574,966)	(3,559,806)
Balance at 31 December 2022	19,140,724	11,358,849	7,781,875
Net fair value gain on investment properties	5,481,622	2,076,581	3,469,792
Balance at 31 December 2023	24,622,346	13,435,430	11,251,667

Description of valuation techniques used and key inputs to valuation of investment properties:

2023

Type of property	Valuation technique	Significant unobservable inputs	Range weighted average
Commercial, residential and industrial properties	Income approach	Monthly rent income (sqm) Capitalisation rate Vacancy rate Non recoverable operating expenses	QR 30 - QR 175 6.50% - 9.50% 5% - 7% 5% - 7%
Land	Market comparable method		QR 4,843 - 5,920

2022

Type of property	Valuation Technique	Significant unobservable inputs	Range weighted average
Commercial, residential and industrial properties	Income approach	Monthly rent income (sqm) Capitalisation rate Vacancy rate Non recoverable operating expenses	QR 25 - QR 291 7.04% - 9.78% 2% - 17% 1% - 8%
Land	Market comparable method		QR 4,278 - 5,278

Income approach

Income approach is a valuation method appraisers and real estate investors use to estimate the value of income producing properties. It is based upon the premise of anticipation i.e. the expectation of future benefits. The most commonly used technique for assessing market value within the income approach is the income capitalisation method, a property's fair value is estimated based on the

11. Investment properties (continued)**Income approach (continued)**

normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate.

Market comparable method

Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square metre (sqm).

The fair value measurement for all of the investment properties has been categorised at level 3 fair value based on the inputs to the valuation technique used.

Sensitivity analysis

As at 31 December 2023, if the price per square foot for investment properties had been higher/(lower) by 1% with all other variables held constant, the change in the fair value of investment properties would have been QR 2.08 million (2022: QR 2.31 million) higher/(lower).

12. Ijarah

The Company presents right-of-use assets as a separate presentation in the consolidated statement of financial position. The carrying amount of right-of-use assets are as follows:

(a) Right-of-use assets – policyholders'

	2023	2022 <i>(Restated)</i>
Balance at 1 January	4,285,090	5,658,926
Ijarah termination	-	(1,083,396)
Depreciation	(109,874)	(290,440)
Balance at 31 December	<u>4,175,216</u>	<u>4,285,090</u>

(b) Right-of-use assets – shareholders'

	2023	2022 <i>(Restated)</i>
Balance at 1 January	5,440,857	5,946,994
Depreciation	(506,137)	(506,137)
Balance at 31 December	<u>4,934,720</u>	<u>5,440,857</u>

(c) Ijarah liabilities – shareholders'

	2023	2022
Balance at 1 January	1,341,224	1,752,494
Amortization of deferred ijarah costs	47,505	65,329
Payments during the year	(476,600)	(476,599)
Balance at 31 December	<u>912,129</u>	<u>1,341,224</u>

13. Prepayments and other assets

	2023	2022
Brokers and others receivable	1,026,883	2,255,916
Less: Provision for ECL allowance (a)	(718,913)	(718,913)
	<u>307,970</u>	<u>1,537,003</u>
Prepayments	14,155,545	16,549,184
Receivable from shareholders - Mudarib fees	-	8,418,375
Receivables from investment broker	5,725,525	753,118
Accrued salvage recovery income	487,000	137,000
Accrued investment income	4,472,778	2,784,028
Deferred commission	3,981,969	5,131,414
Staff receivables	6,459,603	7,332,480
Accrued rental income	<u>2,847,526</u>	<u>2,286,126</u>
	<u>38,437,916</u>	<u>44,928,728</u>

a. The movement of the ECL allowance for brokers and others receivable is as follow:

	2023	2022
Balance at 1 January	718,913	718,913
Charge/(reversal) for the year	-	-
Balance at 31 December	<u>718,913</u>	<u>718,913</u>

14. Investment in associates

The Group has the following investments in associates:

Name of Associate	Principal activity	Country	2023	2022
Tashelaat Islamic Company W.L.L**	Islamic Financing	Qatar	51%	51%
Al Muqawel Company W.L.L.**	Construction	Qatar	51%	51%
Qatari Unified Bureau Insurance Company W.L.L.	Takaful Insurance	Qatar	25%	25%
Mackeen Holding Company P.S.C.*	Real Estate	Qatar	10%	10%

*The Group holds 10% in Mackeen Holding Company, however, due to significant influence demonstrated by the Group's representation in Board of Directors, it is treated as associate of the company.

**The Group holds 51% in Tasheelat Islamic Company W.L.L and Al Muqawwel Company W.L.L, however, the Group does not have control over the operations of the company. There is only significant influence, therefore, the Group is not consolidating them as a subsidiary and treating them as associates.

14. Investment in associates (continued)

Movements in investment in the associate are as follows:

	31 December 2023		31 December 2022	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at 1 January	21,742,204	87,935,637	23,941,448	85,785,052
Share of profit / (loss) for the year	-	13,810,902	(1,625,801)	5,550,021
Dividends received during the year	-	(5,530,000)	-	(1,510,000)
Less: Impairment of investment in associates (1)	(20,000,000)	-	(573,443)	(1,889,436)
Balance at 31 December	1,742,204	96,216,539	21,742,204	87,935,637

The following table illustrates summarized financial information of the Group's share of the investment in the associate companies:

	2023	2022
Total assets	783,954,992	894,285,739
Total liabilities	317,274,506	322,113,560
Net assets	466,680,328	572,172,179
Additional consideration paid in excess of share in net assets	22,350,000	22,350,000
Group's share of net assets of associates	100,477,663	109,677,841
Revenues	18,393,025	54,727,259
Group's share of profit	4,589,098	3,924,220

- (1) During the year, the Group decided to redirect the provision of impairment related to Qatari Unified Bureau Insurance Company W.L.L amounting to QR 20 million to Makeen Holding Company Q.P.S.C. The Group believes that the need for the said provision is no longer needed as the blockade on the State of Qatar stopped. The Group assigned the same provision to Makeen Holding Company Q.P.S.C. as a precaution against any excepted financial losses.

15. Payables and other liabilities - policyholders

	2023	2022 (Restated)
Payable to suppliers	68,678,840	38,192,468
Policyholders' payable balances	-	12,572,017
Other payables	3,104,614	2,849,069
	71,783,454	53,613,554

16. Distributable surplus

The Board of Directors resolved in its meeting dated 13 February 2023 to allocate QR 16,972,694 (2022: QR 17,095,977) out of the results of takaful operations for the year as distributable surplus to policyholders in accordance with the decision of the Sharia' Supervisory Board.

17. Shareholders' investment revenues

	2023	2022
Realized gain on sale of investments at fair value through equity	497,047	271,917
Dividends income	606,962	481,947
Administration fees from Tashelaat Islamic Company W.L.L.	664,902	710,229
Profit income on bank deposits	7,886,721	4,437,025
	<u>9,655,632</u>	<u>5,901,118</u>

18. Unclaimed surplus

	2023	2022
Balance at 1 January	18,510,004	17,686,458
Transferred during the year	16,972,694	17,095,977
Distributed during the year	(17,594,266)	(16,272,431)
Balance at 31 December	<u>17,888,432</u>	<u>18,510,004</u>

19. Payables and other liabilities – shareholders'

	2023	2022
Staff incentive provision	7,081,289	6,050,954
Employees' end of service benefits (i)	12,736,899	12,376,897
Board of Directors remuneration payable (Note 28)	4,000,003	4,048,063
Mudarib fees payable to policyholders	-	8,418,375
Other payables	12,070,945	3,472,424
	<u>35,889,136</u>	<u>34,366,713</u>

(i) Employees' end of service benefits

	2023	2022
Balance at 1 January	12,376,897	9,849,543
Charge for the year	816,070	2,717,196
Payments during the year	(456,068)	(189,842)
Balance at 31 December	<u>12,736,899</u>	<u>12,376,897</u>

20. Share capital

<i>Authorized, issued and paid-up capital</i>	2023	2022
Share capital	<u>150,000,000</u>	<u>150,000,000</u>
Number of shares at QR 1 each	<u>150,000,000</u>	<u>150,000,000</u>

21. Dividends

The Board of Directors resolved in its meeting held on 15 February 2024 to propose to the forthcoming General Assembly to approve a cash dividend of 50% amounting to QR 0.5 per share for the year ended 31 December 2023 totaling to QR 75,000,000. This is subject to the approval of the shareholders in the forthcoming general assembly.

The General assembly meeting held on 9 April 2023 has approved the cash dividend proposed by the Board of Directors of 45% amounting to QR 0.45 per share for the year ended 31 December 2022 totaling QR 67,500,000.

The General assembly meeting held on 5 April 2022 has approved the proposed cash dividend by the Board of Directors of 40% amounting to QR 0.4 per share for the year ended 31 December 2021 totaling to QR 60,000,000.

22. Legal Reserve

Legal reserve is computed in accordance with the provisions of the Qatar Central Bank (QCB) regulations, Qatar Commercial Companies' Law and the company's Articles of Association at 10% of the net profit for the year. This reserve is to be maintained until it equates 100% of the paid-up capital and is not available for distribution except in circumstances specified in the QCB regulations and Qatar Commercial Companies Law. During the year, the Group has reached the limit of 100% of the paid-up capital and transferred to the statutory reserve amounting to QR 4,446,292 (2022: QR 10,133,531 as restated).

23. General Reserve

As per the articles of association of the Company, the Directors may create a general reserve in shareholders equity to meet the contribution deficiency that may arise. During the current and comparative years, there was no transfer to the general reserve.

24. Segment information

a) Business segments

The Group's main business segments for Policyholders and Shareholders are as follows:

	31 December 2023					31 December 2022 (Restated)				
	<i>Underwriting</i>	<i>Investments</i>	<i>Real Estate</i>	<i>Unallocated</i>	<i>Total</i>	<i>Underwriting</i>	<i>Investments</i>	<i>Real Estate</i>	<i>Unallocated</i>	<i>Total</i>
Net income	<u>36,331,881</u>	<u>17,572,362</u>	<u>5,960,352</u>	<u>28,323,460</u>	<u>88,188,055</u>	<u>27,137,394</u>	<u>4,726,716</u>	<u>6,307,188</u>	<u>85,216,018</u>	<u>123,387,316</u>
Total assets	<u>432,261,535</u>	<u>646,913,993</u>	<u>208,255,164</u>	<u>43,024,600</u>	<u>1,330,417,269</u>	<u>422,926,344</u>	<u>638,439,564</u>	<u>231,265,658</u>	<u>13,412,284</u>	<u>1,306,043,850</u>
Total liabilities	<u>628,669,556</u>	<u>15,906,940</u>	<u>-</u>	<u>912,129</u>	<u>645,488,625</u>	<u>606,470,521</u>	<u>15,285,523</u>	<u>-</u>	<u>2,027,914</u>	<u>623,783,958</u>

b) Geographical segments

The Group operates in the State of Qatar only.

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24. Segment information (continued)

c) Net underwriting operations:

	31 December 2023				31 December 2022			
	General Accidents	Motors	Takaful and health	Total	General Accidents	Motors	Takaful and health	Total
Gross contributions	129,282,019	163,041,514	231,169,830	523,493,363	114,147,886	175,166,805	177,993,272	467,307,963
Reinsurers' share	(106,650,813)	(26,102,638)	(45,554,509)	(178,307,960)	(92,771,763)	(20,495,889)	(42,258,217)	(155,525,869)
Net contributions	22,631,206	136,938,876	185,615,321	345,185,403	21,376,123	154,670,916	135,735,055	311,782,094
Movement in unearned contributions	(2,347,859)	8,711,336	(5,538,426)	825,051	542,475	(12,364,258)	6,673,919	(5,147,864)
Net earned contributions	20,283,347	145,650,212	180,076,895	346,010,454	21,918,598	142,306,658	142,408,974	306,634,230
Commission, net	12,079,587	(7,403,048)	(17,919,474)	(13,242,935)	23,658,589	(10,099,566)	(17,249,316)	(3,690,293)
Changes in deferred commission	(78,101)	(1,348,478)	277,134	(1,149,445)	(128,996)	309,155	-	180,159
Total Takaful revenue (1)	32,284,833	136,898,686	162,434,555	331,618,074	45,448,191	132,516,247	125,159,658	303,124,096
Gross claims paid	15,683,198	105,843,220	129,826,108	251,352,526	23,892,581	81,337,641	58,571,985	163,802,207
Retakaful and other recoveries	6,719,546	(12,491,910)	19,358,440	13,586,076	7,485,330	33,653,886	5,041,443	46,180,659
Movement in outstanding claims	(11,106,955)	(5,883,277)	(42,439,369)	(59,429,601)	(19,997,286)	(4,446,926)	(38,061,642)	(62,505,854)
Net claims incurred (2)	11,295,789	87,468,033	106,745,179	205,509,001	11,380,625	110,544,601	25,551,786	147,477,012
Net Surplus / (deficit) from takaful operations (1-2)	20,989,044	49,430,653	55,689,376	126,109,073	34,067,566	21,971,646	99,607,872	155,647,084

25. Wakala fee

The Wakala fee is provided to shareholders at the rate of 27.5% from 1 January 2023 to 7 May 2023 and 33% from 8 May 2023 to 31 December 2023 (2022: 27.5%) of gross contribution for the period as approved by the Board of Directors and the Sharia' Supervisory Board.

26. Net commission – policyholders'

	2023	2022
Profit from reinsurers	2,119,512	590,626
Commission to agents and reinsurers	<u>(15,362,447)</u>	<u>(4,280,919)</u>
	<u>(13,242,935)</u>	<u>(3,690,293)</u>

27. Net investment income – policyholders'

	2023	2022 <i>(Restated)</i>
Rental income	5,734,700	5,552,220
Dividends income	2,213,362	1,606,947
Realized gain from sale of investments at fair value through equity	685,153	1,008,720
Profit on bank deposits	7,886,721	4,437,025
Maintenance expense	(1,342,828)	(424,970)
Other income	1,029,170	295
Impairment loss on investments at fair value through equity	(738,265)	-
Fair value gain / (loss) on investment properties (Note 11)	<u>84,843</u>	<u>(2,265,938)</u>
Income from investments of policyholders'	15,552,856	9,914,299
Shareholders' share in policyholders' investment income (Mudarib fees)*	<u>(12,442,285)</u>	<u>(7,931,439)</u>
Net investment income of policyholders'	<u>3,110,571</u>	<u>1,982,860</u>

* This represents mudarib share which is a management fee payable to the shareholders by the policyholders for managing the investments. The fees are calculated at a rate of 80% (2022: 80%) of the net income received on the investments of the policyholders. The actual rate for each year is determined by the Sharia Supervisory Board after co-ordination with the Group's Board of Directors.

28. General and administrative expenses

	2023	2022
Staff cost	36,868,100	32,077,892
Repair and maintenance expenses	7,983,032	2,775,575
Utilities	1,991,254	1,455,271
Professional fees	1,928,767	1,571,898
Depreciation on property and equipment (Note 10)	1,577,133	1,193,801
Insurance expenses	1,075,631	982,580
Advertisement expenses	451,210	551,520
Other expenses	<u>4,989,106</u>	<u>2,685,142</u>
	<u>56,864,233</u>	<u>43,293,679</u>

29. Board of directors' remuneration

In accordance with the Articles of Association of the Group and the provisions of Qatar Commercial Companies Law No.11 of 2015, the Board of Directors' remuneration for the year 2023 has been proposed by the Board of Directors on their meeting dated 15 February 2024 at QR 4,000,000 (2022: QR 4,048,063).

30. Sharia' supervisory board

The Group's business activities are subject to the supervision of a Sharia supervisory board appointed by the Shareholders. The Sharia Supervisory Board performs a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Sharia rules and principles.

31. Social and sports contribution fund

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2010, which is applicable to all Qatari listed shareholding companies with publicly traded equity, the Group has made an appropriation of 2.5% of its net profit to social and sports fund.

32. Reserve for share of profits of associates

As per the Qatar Central Bank's instructions dated 4 March 2019, share of profits of associates should be transferred from the retained earnings to reserve for share of profits of associates. Declared and received dividends from associates are distributable portion of this reserve. During the year, the Group has transferred an amount of QR 8,280,902 to this reserve (2022: QR 4,040,021).

33. Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the shareholders by the weighted average number of ordinary shares outstanding during the year.

	2023	2022 <i>(Restated)</i>
Profit attributable to the shareholders	<u>142,799,281</u>	<u>101,335,311</u>
Weighted average number of ordinary shares	<u>150,000,000</u>	<u>150,000,000</u>
Basic earnings per share	<u>0.952</u>	<u>0.676</u>

There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

34. Contingent liabilities and capital commitments

	2023	2022
Bank guarantees	<u>8,851,448</u>	<u>4,629,606</u>
Performance Bond	<u>125,462</u>	<u>7,237,048</u>

35. Related parties**a) Transaction with related parties**

These represent transaction with related parties. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and directors of the Group and companies of which they are key management personnel. Pricing policies and terms of these transactions are approved by the Group's management and are negotiated under normal commercial terms. Significant transactions during the year were:

<i>Name of entity</i>	<i>Nature of Relationship</i>	<i>Nature of transactions</i>	<i>2023</i>	<i>2022</i>
Mackeen Holding Company Q.S.C	Associate	Contribution and claims	-	875
Ezdan Holding Group Q.P.S.C	Common directorship	Contribution and claims	8,391,123	7,944,682
Qatar Islamic International Bank Q.P.S.C	Common directorship	Contribution and claims	103,680,575	68,090,342
Tashelaat Islamic Company W.L.L.	Associate	Management fees, contribution and claims	685,986	716,938
Sak Holding Group Company	Common directorship	Contribution and claims	2,607,730	3,327,386
Medicare Group Q.P.S.C	Common directorship	Contribution and claims	13,733,574	4,097,396

b) Balances included within contributions receivables and payables:

<i>Name of entity</i>	<i>2023</i>	<i>2022</i>
Mackeen Holding Company Q.S.C.	(2,433)	-
Ezdan Holding Group Q.P.S.C.	3,500,902	3,990,803
Qatar Islamic International Bank Q.P.S.C.	(10,396,307)	(4,965,841)
Medicare Group Q.P.S.C.	6,547,377	6,137,052
Tashelaat Islamic Company W.L.L.	679,277	701,995
SAK Holding Group Company	1,953,783	1,496,903

Outstanding related party balances at reporting date are unsecured and interest free.

c) Compensation of key management personnel

	<i>2023</i>	<i>2022</i>
Board of directors' remuneration (Note 29)	4,000,000	4,048,063
Salaries and other short-term benefits	7,974,240	7,660,596
Employees' end of service benefit	159,636	235,628
	<u>12,133,876</u>	<u>11,944,287</u>

36. Fair values of financial instruments

Financial instruments include deposits, cash, investment securities, receivables, payables, and certain other assets and liabilities. The fair values of the financial assets and liabilities, with the exception of certain investments at fair value through equity carried at fair value, are not materially different from their carrying values.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

36. Fair Values of financial instruments (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 December 2023:

As at 31 December 2023:	Carrying value				Fair value		
	Fair value	Amortized cost	Financial liabilities	Total carrying amount	Level 1	Level 2	Level 3
Financial assets measured at fair value (Policyholders)							
Investments at fair value through equity	50,810,156	-	-	50,810,156	47,790,812	-	3,019,344
Investment classified at fair value through income statement	6,720,702	-	-	6,720,702	6,720,702	-	-
Financial assets not measured at fair value (Policyholders)							
Contribution receivable	-	102,041,042	-	102,041,042	-	-	-
Due from retakaful	-	67,128,006	-	67,128,006	-	-	-
Other assets	-	38,437,916	-	38,437,916	-	-	-
Cash and bank balances	-	129,280,321	-	129,280,321	-	-	-
Financial liabilities not measured at fair value (Policyholders)							
Due to retakaful	-	-	32,747,638	32,747,638	-	-	-
Payables and other liabilities	-	-	71,783,454	71,783,454	-	-	-
Unclaimed surplus	-	-	17,888,432	17,888,432	-	-	-
Financial assets measured at fair value (Shareholders)							
Investments at fair value through equity	7,932,139	-	-	7,932,139	4,912,795	-	3,019,344
Investment classified at fair value through income statement	6,133,001	-	-	6,133,001	6,133,001	-	-
Financial assets not measured at fair value (Shareholders)							
Cash and bank balances	-	348,078,931	-	348,078,931	-	-	-
Financial liabilities not measured at fair value (Shareholders)							
Unclaimed dividends	-	-	15,906,940	15,906,940	-	-	-
Ijarah liabilities	-	-	912,129	912,129	-	-	-
Payables and other liabilities	-	-	35,889,136	35,889,136	-	-	-
	71,595,998	685,004,238	175,127,729	931,689,943			

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36. Fair Values of financial instruments (continued)*As at 31 December 2022:(Restated)*

As at 31 December 2022:(Restated)	Carrying value				Fair value		
	Fair value	Amortized cost	Financial liabilities	Total carrying amount	Level 1	Level 2	Level 3
<i>Financial assets measured at fair value (Policyholders)</i>							
Investments at fair value through equity	53,336,711	-	-	53,336,711	49,265,286	-	4,071,425
Investment classified at fair value through income statement	3,875,200	-	-	3,875,200	3,875,200	-	-
<i>Financial assets not measured at fair value (Policyholders)</i>							
Contribution receivable	-	86,755,891	-	86,755,891	-	-	-
Due from retakaful	-	78,983,181	-	78,983,181	-	-	-
Other assets	-	44,928,728	-	44,928,728	-	-	-
Cash and bank balances	-	174,239,184	-	174,239,184	-	-	-
<i>Financial liabilities not measured at fair value (Policyholders)</i>							
Due to retakaful	-	-	55,425,073	55,425,073	-	-	-
Payables and other liabilities	-	-	53,613,554	53,613,554	-	-	-
Unclaimed surplus	-	-	18,510,004	18,510,004	-	-	-
<i>Financial assets measured at fair value (Shareholders)</i>							
Investments at fair value through equity	10,703,338	-	-	10,703,338	6,631,912	-	4,071,426
Investment classified at fair value through income statement	3,436,701	-	-	3,436,701	3,436,701	-	-
<i>Financial assets not measured at fair value (Shareholders)</i>							
Cash and bank balances	-	283,170,590	-	283,170,590	-	-	-
Other assets	-	686,690	-	686,690	-	-	-
<i>Financial liabilities not measured at fair value (Shareholders)</i>							
Unclaimed dividends	-	-	15,285,523	15,285,523	-	-	-
Ijarah liabilities	-	-	1,341,224	1,341,224	-	-	-
Payables and other liabilities	-	-	34,366,713	34,366,713	-	-	-
	71,351,950	668,764,264	178,542,091	918,658,305			

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

36. Fair Values of financial instruments (continued)**Level 3 reconciliation**

The following table shows a reconciliation of all movements in the fair value of financial instruments categorized within Level 3 between the beginning and the end of the reporting period:

	2023	2022
At 1 January	8,142,851	7,214,362
Additions during the year	-	-
Disposal during the year	-	-
Net movement in fair value reserve	-	-
Net movement in foreign currency reserve	(2,104,163)	928,489
At 31 December	<u>6,038,688</u>	<u>8,142,851</u>

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 31 December 2023 and 31 December 2022 for assets and liabilities measured at fair value as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted equity instruments	At each reporting period, the management internally estimates the fair values of unquoted equity instruments using Adjusted net asset value method.	Not applicable	Not applicable

37. Financial instruments and risk management**Governance framework**

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors meets regularly to assess and identify the Group's risk, to review structure to ensure the appropriate quality and diversification of assets, and to ensure that underwriting and retakaful are in line with the Group's strategy and goals. The Group's Board of Directors has overall responsibility to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Group faces, due to the nature of its investments and liabilities, is interest rate risk. The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under takaful and investment contracts.

37. Financial instruments and risk management (continued)

Regulatory framework

The Qatar Central Bank Executive Insurance Instructions provide the regulatory framework for the insurance industry in Qatar. All insurance companies operating in Qatar are required to follow these rules and regulations.

The following are the key regulations governing the operation of the Group:

- Internal systems and controls.
- Risk management.
- Accounting, auditing, and actuarial reporting; and
- Prudential requirement.

The Group's Board of directors is responsible for monitoring compliance with the above regulations and has delegated authorities and responsibilities from the board of directors to ensure compliance.

Capital management framework

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Group's objectives when managing capital is:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing takaful and investment contracts commensurately with the level of risk.

The capital structure of the Group consists of issued capital, reserves and retained earnings.

The Group in the normal course of its business derives its revenue mainly from assuming and managing takaful and investments risks for profit. The Group's lines of business are mainly exposed to the following risks;

- Takaful risk,
- Retakaful risk,
- Credit risk,
- Liquidity risk,
- Market risks, and
- Equity risk

Takaful risk

The principal risk the Group faces under takaful contracts is that the actual claims and benefits payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group manages the takaful risk through the careful selection and implementation of its underwriting strategy guidelines together with the adequate retakaful arrangements and proactive claims handling.

37. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

The Group principally issues general takaful contracts which constitute mainly marine and aviation, motor, fire and general, and takaful and health. The concentration of takaful risk exposure is mitigated by diversifying the risk underwritten and ensuring that such risks are across a large portfolio in terms of type, level of insured benefits, amount of risk and industry.

The Group, in the normal course of business, in order to minimize financial exposure arising from large claims, enters into contracts with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the retakaful is affected under treaty, facultative and excess-of-loss retakaful contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts.

Although the Group has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any reinsurer is unable to meet its obligations assumed under such retakaful agreements. The Group's placement of retakaful is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single retakaful contract.

The Group has in place strict claim review to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

In accordance with takaful framework, the Group's shareholders does not bear the risks associated with takaful operations where it uses takaful fund, retained surplus and retakaful agreements to mitigate such risks. In case of insufficient funds in the takaful fund to meet its obligations, the Group grants it an profit free loan and repayable in a number of years that to be determined by the Group's Board of Directors after consultation with Sharia' Supervisory Board.

Key assumptions-Takaful risk

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimated. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The general takaful claims provisions are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

Claims development:

The Group maintains strong reserves in respect of its takaful business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are generally resolved within one year.

37. Financial instruments and risk management (continued)**Capital management framework (continued)****Takaful risk (continued)***Process used to decide on assumptions:*

The risks associated with these takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The exposure of the Group to claims associated with general takaful is material. This exposure is concentrated in Qatar where significant transactions take place.

The Group uses assumptions based on a mixture of internal and actuarial report to measure its general takaful related claims liabilities. Internal data is derived mostly from the Group's monthly claims reports and screening of the actual takaful contracts carried out at year-end to derive data for the contracts held. The Group has reviewed the individual contracts and their actual exposure to 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 table below sets out the concentration of outstanding claims provision by type of contract:

	2023			2022		
	Gross reserves	Retakaful reserves	Net reserves	Gross reserves	Retakaful reserves	Net reserves
Motor	55,621,650	(18,729,760)	36,891,890	45,093,191	(15,124,971)	29,968,220
General accident	116,076,219	(103,291,258)	12,784,961	94,865,191	(84,256,255)	10,608,936
Takaful and health	35,587	(4,688)	30,899	3,208,630	(3,147,780)	60,850
	171,733,456	(122,025,706)	49,707,750	143,167,012	(102,529,006)	40,638,006

Sensitivity analysis

The reasonableness of the estimation process is tested by an analysis of sensitivity around several scenarios.

The sensitivity of the Group's income to takaful risks is as follows:

	Change in assumptions	2023		2022	
		Impact on net earned contributions	Impact on equity	Impact on net earned contributions	Impact on equity
Loss ratio	+5%	(17,302,873)	(17,300,523)	(15,331,712)	(15,331,712)
	-5%	17,302,873	17,300,523	15,331,712	15,331,712

The sensitivity to a 5% increase/decrease in gross loss ratios is the same both net and gross of retakaful as this increase does not result in any material excess of loss retakaful limits being reached.

37. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

Claim Development Table

The following table shows the estimated cumulative incurred claims, including claims notified for each successive accident year at the end of each reporting period, together with cumulative payments to date:

Claim development table – 2023

	2018	2019	2020	2021	2022	2023	Total
Estimate of cumulative claims							
At end of the accident year	165,391,148	216,901,219	95,623,739	157,758,597	206,124,679	240,081,308	
One year later	218,396,762	208,877,236	164,542,581	153,499,115	203,228,527	-	
Two years later	208,085,116	236,849,187	161,251,729	158,541,651	-	-	
Three years later	271,541,841	234,006,997	166,386,333	-	-	-	
Four years later	270,862,986	237,383,620	-	-	-	-	
Five Years Later	247,284,018	-	-	-	-	-	
Current estimate of cumulative claims	247,284,018	237,383,620	166,386,333	158,541,651	203,228,527	240,081,308	1,252,905,457
Cumulative payments to date	(228,559,673)	(210,970,686)	(147,428,408)	(141,511,129)	(178,090,357)	(174,611,748)	(1,081,172,001)
Total cumulative claims recognized in the consolidated statement of financial position as of 31 December 2023	18,724,344	26,412,934	18,957,926	17,030,522	25,138,170	65,469,560	171,733,456

37. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

Claim Development Table (continued)

Claim development table – 2022

	2017	2018	2019	2020	2021	2022	Total
Estimate of cumulative claims							
At end of the accident year	72,392,765	165,391,148	216,901,219	95,623,739	157,758,597	206,124,679	
One year later	87,649,499	218,396,762	208,877,236	164,542,581	153,499,115	-	
Two years later	93,764,193	208,085,116	236,849,187	161,251,729	-	-	
Three years later	105,308,158	271,541,841	234,006,997	-	-	-	
Four years later	107,707,588	270,862,986	-	-	-	-	
Five Years Later	<u>107,546,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Current estimate of cumulative claims	107,546,027	270,862,986	234,006,997	161,251,729	153,499,115	206,124,679	1,133,291,533
Cumulative payments to date	<u>(105,954,345)</u>	<u>(261,625,381)</u>	<u>(222,306,647)</u>	<u>(138,176,849)</u>	<u>(120,809,701)</u>	<u>(141,251,598)</u>	<u>(990,124,521)</u>
Total cumulative claims recognized in the consolidated statement of financial position as of 31 December 2022	<u>1,591,682</u>	<u>9,237,605</u>	<u>11,700,350</u>	<u>23,074,880</u>	<u>32,689,414</u>	<u>64,873,081</u>	<u>143,167,012</u>

37. Financial instruments and risk management (continued)**Capital management framework (continued)****Retakaful risk**

The Group, in the normal course of business, in order to minimize financial exposure arising from large claims, enters into contracts with other parties for retakaful purposes. Such retakaful arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the retakaful is affected under treaty, facultative and excess-of-loss retakaful contracts.

To minimize its exposure to significant losses from retakful insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

The Group only deals with reinsurers approved by the management, which are generally international companies that are rated by international rating agencies or other GCC securities.

Retakaful ceded contracts do not relieve the Group from its obligations to policyholders and as a result, the group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the retakaful agreements.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated statement of financial position.

A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group has been established and policies and procedures are in place to mitigate the Group's exposure to credit risk:

Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	2023	2022
Credit risk exposure by financial assets type:		
Cash at bank	477,707,483	457,938,844
Investment securities	71,595,998	71,351,950
Contributions receivable	132,268,550	116,283,399
Brokers and other receivables	1,026,883	2,255,916
Due from reinsurers	68,843,132	80,698,307
	751,442,046	728,528,416

37. Financial instruments and risk management (continued)

Capital management framework (continued)

Credit risk (continued)

Age analysis of financial assets

31 December 2023	0 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Total
Contributions receivable (Note 7)	29,492,423	8,195,760	30,791,692	37,319,250	26,469,425	132,268,550
Brokers and other receivables (Note 13)	217,292	131,328	109,467	56,747	512,049	1,026,883
Due from reinsurers	18,101,130	3,092,696	18,330,966	11,326,685	17,991,655	68,843,132
Total	47,810,845	11,419,784	49,232,125	48,702,682	44,973,129	202,138,565

31 December 2022	0 to 60 days	61 to 90 days	91 to 180 days	181 to 365 days	More than 365 days	Total
Contributions receivable (Note 7)	35,347,437	12,773,722	30,658,629	22,107,915	15,395,696	116,283,399
Brokers and other receivables (Note 13)	477,360	288,509	240,483	124,666	1,124,898	2,255,916
Due from reinsurers	21,218,247	3,625,276	21,487,662	13,277,204	21,089,918	80,698,307
Total	57,043,044	16,687,507	52,386,774	35,509,785	37,610,512	199,237,622

The Group used the following allowance matrix to measure the ECLs as at the current and comparative reporting dates:

Contributions receivable

	31 December 2023		
	Default rate (1)	Gross carrying amount	Lifetime ECLs
Past due:			
0 – 60 days	22%	29,492,423	4,296,677
61 – 90 days	30%	8,195,760	2,096,234
91 – 180 days	37%	30,791,692	5,478,607
181 – 365 days	42%	37,319,250	7,775,615
More than 365 days	56%	26,469,425	10,580,375
		132,268,550	30,227,508

	31 December 2022		
	Default rate (1)	Gross carrying amount	Lifetime ECLs
Past due:			
0 – 60 days	10%	35,347,437	3,480,561
61 – 90 days	10%	12,773,722	1,257,792
91 – 180 days	21%	30,658,629	6,467,599
181 – 365 days	46%	22,107,915	10,202,804
More than 365 days	53%	15,395,696	8,118,752
		116,283,399	29,527,508

37. Financial instruments and risk management (continued)

Capital management framework (continued)

Credit risk (continued)

Brokers and other receivables

31 December 2023			
<i>Past due:</i>	<i>Default rate (1)</i>	<i>Gross carrying amount</i>	<i>Lifetime ECLs</i>
0 – 60 days	22%	217,292	129,404
61 – 90 days	38%	131,328	79,080
91 – 180 days	47%	109,467	86,270
181 – 365 days	48%	56,747	28,757
More than 365 days	60%	512,049	395,402
		1,026,883	718,913

31 December 2022			
<i>Past due:</i>	<i>Default rate (1)</i>	<i>Gross carrying amount</i>	<i>Lifetime ECLs</i>
0 – 60 days	15%	477,360	71,668
61 – 90 days	20%	288,509	57,100
91 – 180 days	36%	240,483	85,811
181 – 365 days	53%	124,666	90,416
More than 365 days	77%	1,124,898	413,918
		2,255,916	718,913

- 1) Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by forward looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Forward-looking factors are based on actual and forecast macro-economic factors (primarily GDP) and is considered to be positive.

Due from reinsurers

The below table describes the credit risk based on the credit rating of these parties.

	2023	2022
Due from retakaful with credit rating in the series of 'A'	47,549,460	54,233,417
Due from retakaful with credit rating in the series of 'B'	21,293,672	26,464,890
Due from retakaful with credit rating in the series of 'C' and non-rated	-	-
Due from retakaful – gross	68,843,132	80,698,307
Less: Expected credit loss on retakaful	(1,715,126)	(1,715,126)
Due from retakaful – net	67,128,006	78,983,181

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including

37. Financial instruments and risk management (continued)

Capital management framework (continued)

Credit risk (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

forward-looking information. In determining whether credit risk has increased significantly since initial recognition following criteria are considered:

External credit rating (as far as available);

Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

Actual or expected significant changes in the operating results of the policyholders, insurers and reinsurers, other takaful debtors and debt issuers;

Significant changes in the expected performance and behavior of the policyholders, insurers and reinsurers, other takaful debtors and debt issuers, including changes in their payment status and changes in their operating results;

Significant changes in credit risk on other financial instruments of the same policyholders, insurers and reinsurers, other takaful debtors and debt issuers.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due.

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group has exposures.

Incorporation of forward-looking information

Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the Expected Credit Loss (ECL) applicable to the stage 1 and stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

37. Financial instruments and risk management (continued)**Capital management framework (continued)****Credit risk (continued)***Cash at bank*

The Group's cash at bank is held with banks which were rated by Moody's as shown in the table below:

	2023	2022
Credit ratings		
A1	52,667,772	155,392,921
A2	425,039,711	268,672,523
A3	-	15,231,455
AA-	-	18,641,945
	477,707,483	457,938,844

Management considers that its cash at bank has low credit risk based on the above external credit ratings of the counterparties, which are all at "investment grade" (above Baa3). Impairment on cash at bank has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures.

The carrying amounts of the cash at bank of the Group did not require any adjustment because the result of applying the ECL model was immaterial.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a daily/weekly/monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Maturity profiles

The table below summarises the undiscounted maturity profile of the financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable and receivable. For takaful contracts liabilities and retakaful assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognized takaful liabilities. Unearned contributions and the reinsurer's share of unearned contributions have been excluded from the analysis as they are not contractual obligations.

31 December 2023	Up to a year	1 to 5 years	Total
Financial assets			
Contributions receivable	132,268,550	-	132,268,550
Retakaful contract assets	224,616,548	-	224,616,548
Due from retakaful	50,851,478	17,991,654	68,843,132
Cash and bank balances	478,288,656	-	478,288,656
Total	886,025,232	17,991,654	904,016,886
31 December 2022	Up to a year	1 to 5 years	Total
Financial assets			
Contributions receivable	116,283,399	-	116,283,399
Retakaful contract assets	212,258,544	-	212,258,544
Due from retakaful	59,608,389	21,089,918	80,698,307
Cash and bank balances	458,339,178	-	458,339,178
Total	846,489,510	21,089,918	867,579,428

37. Financial instruments and risk management (continued)**Capital management framework (continued)****Liquidity risk (continued)***Maturity profiles (continued)*

31 December 2023	Up to a year	1 to 5 years	Total
Financial liabilities			
Due to retakaful	32,747,639	-	32,747,639
Takaful contract liabilities	470,360,896	-	470,360,896
Payables and other liabilities	107,672,590	-	107,672,590
Ijarah liabilities	449,276	462,853	912,129
Total	611,230,401	462,853	611,693,254
31 December 2022 (Restated)	Up to a year	1 to 5 years	Total
Financial liabilities			
Due to retakaful	55,425,073	-	55,425,073
Takaful contract liabilities	445,241,867	-	445,241,867
Payables and other liabilities	87,980,267	-	87,980,267
Ijarah liabilities	429,094	912,130	1,341,224
Total	589,076,301	912,130	589,988,431

Market risk

Market risk is the risk that the fair value or future cash flows 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 Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, the Group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

i. Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Qatari Riyal is effectively pegged to the United States dollars and thus currency risk occurs only in respect of currencies other than the United States Dollar. The Group's exposure to currency risk is minimal, since most of the transactions are either in Qatari Riyals or in US Dollars.

ii. Profit rate risk

The Group is exposed to profit rate risk related to the Islamic security deposits.

Fair value sensitivity analysis for variable profit rate

A change of 100 basis points in profit rates at the reporting date would have increased or (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or (Loss)	
	2023	2022
Cash flow sensitivity	3,880,770	3,000,000

A decrease of 100 basis points in interest rate at the reporting date would have exactly the same but opposite impact in equity and profit or loss.

37. Financial instruments and risk management (continued)**Capital management framework (continued)****Equity price risk**

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices.

The Group limits equity price risk by maintaining a diversified portfolio and by monitoring the developments in equity markets. The majority of the Group's equity investments comprise securities quoted on the Qatar Exchange.

The following table demonstrates the sensitivity of the effect of cumulative changes in fair value of the Group to reasonably possible changes in the prices of equities, with all other variables held constant. The effect of decrease in equity prices is expected to be equal and opposite to the effect of the increase shown.

	<i>Changes in equity prices</i>	<i>Effect on equity</i>	<i>Effect on profit</i>
2023			
Investments at fair value through equity	<u>±5%</u>	<u>2,937,115</u>	<u>-</u>
2022			
Investments at fair value through equity	<u>±5%</u>	<u>3,202,002</u>	<u>-</u>

Capital Management

The Group's capital management policy for its takaful and non-takaful business is to hold sufficient capital to cover the statutory requirements based on the Qatar Central Bank's instructions, including any additional amounts required by the regulator as well as to maintain investor, creditor, and market confidence and to sustain future development of the business. The Group monitors the return on capital, which is defined as profit for the year divided by total equity.

The Group's objectives when managing capital is:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing takaful and investment contracts commensurately with the level of risk.

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimize the risk of default and insolvency on the part of the takaful companies to meet unforeseen liabilities as they arise. The Group and its regulated subsidiary in general have complied with the requirements throughout the financial year assuring that solvency ratio requirements are met which indicate that the Group's eligible capital shall not be less than 150% of its minimum capital requirement. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Qatar Central Bank. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The eligible capital available to cover minimum capital requirement is as follows:

37. Financial instruments and risk management (continued)**Capital management framework (continued)****Capital Management (continued)**

	2023	2022
Eligible capital	<u>594,327,773</u>	<u>613,308,356</u>
Minimum capital requirement	<u>223,687,872</u>	<u>211,982,406</u>

38. Zakat

The articles of Association of the Group do not authorize management to pay Zakat on behalf of the shareholders. The responsibility of paying Zakat rests with the shareholders.

39. Restatement of prior years' financial statements

During the year, the Group identified following errors in the prior period consolidated financial statements.

- The Group classified its right-of-use of the ijarah land under investment property instead of presenting in its consolidated statement of financial position as 'right-of-use assets' as required by FAS 32, Ijarah.
- The Group measured its right-of-use of the ijarah land at fair value instead of measuring it at cost less accumulated depreciation and impairment as required by FAS 32, Ijarah.
- As a consequence of above errors, investment properties and related fair value gain/loss, right-of-use assets and related depreciation, and retained surplus has been misstated. Further, the computation of Mudarib fee payable to the shareholders is also impacted.

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements.

	As at 1 January 2022 as previously stated	Adjustment	As at 1 January 2022 as restated
Consolidated statement of financial position			
<i>Policyholders' assets</i>			
Investment properties	118,170,002	(4,718,027)	113,451,975
Right-of-use assets	1,263,962	4,394,964	5,658,926
<i>Policyholders' equity</i>			
Retained surplus	201,103,650	(855,706)	200,247,944
<i>Policyholders' liabilities</i>			
Payables and other liabilities	43,750,091	532,643	44,282,734

39. Restatement of prior years' financial statements (continued)

	As at 1 January 2022 as previously stated	Adjustment	As at 1 January 2022 as restated
Consolidated statement of financial position			
<i>Shareholders' assets</i>			
Investment properties	127,520,003	(4,718,027)	122,801,976
Prepayments and other assets	-	532,643	532,643
Right-of-use assets	1,552,030	4,394,964	5,946,994
<i>Shareholders' equity</i>			
Retained earnings	124,078,604	209,581	124,288,185
	As at 31 December 2022 as previously stated	Adjustment	As at 31 December 2022 as restated
Consolidated statement of financial position			
<i>Policyholders' assets</i>			
Investment properties	110,203,840	(4,525,469)	105,678,371
Right-of-use assets	-	4,285,090	4,285,090
<i>Policyholders' equity</i>			
Retained surplus	210,383,799	(927,069)	209,456,730
<i>Policyholders' liabilities</i>			
Payables and other liabilities	52,926,864	686,690	53,613,554
	As at 31 December 2022 as previously stated	Adjustment	As at 31 December 2022 as restated
Consolidated statement of financial position			
<i>Shareholders' assets</i>			
Investment properties	120,855,885	(4,525,469)	116,330,416
Prepayments and other assets	-	686,690	686,690
Right-of-use assets	1,155,767	4,285,090	5,440,857
<i>Shareholders' equity</i>			
Legal reserve	145,530,035	23,673	145,553,708
Retained earnings	148,840,325	422,638	149,262,963

39. Restatement of prior years' financial statements (continued)

	As at 31 December 2022 as previously stated	Adjustment	As at 31 December 2022 as restated
Consolidated statement of policyholders' revenues and expenses			
Net Investment income	9,721,741	192,558	9,914,299
Depreciation of right-of-use assets	(180,566)	(109,874)	(290,440)
Mudarib fees	(7,777,393)	(154,046)	(7,931,439)
Consolidated income statement			
Shareholders' mudarba fees for managing investment portfolio of policyholders	7,777,393	154,046	7,931,439
Depreciation of right-of-use assets	(396,263)	(109,874)	(506,137)
Fair value (loss) on investment properties	(3,236,353)	192,558	(3,043,795)
Basic and diluted earnings per share (QR per share)	0.674	0.002	0.676

40. Subsequent events

There were no significant events after the reporting date, which have bearing on the understanding of these consolidated financial statements.