

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

Consolidated Financial Statements

31 December 2024

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

**Consolidated Financial Statements
As at and for the year ended 31 December 2024**

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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 2024 and the consolidated statements of policyholders' revenues and expenses, consolidated statement of policyholders' surplus, consolidated statement of shareholders' income, consolidated statement of shareholders' comprehensive income, 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 2024, and consolidated 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.

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.



Key Audit Matters (continued)

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: - Group's takaful contract liabilities represent 71% 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 models are used to support the calculation of 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.	Our audit procedures with the assistance of our specialist, where applicable 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, assessing 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. - evaluating whether reserving was consistent in approach, with sufficient justification for changes in assumptions using our industry knowledge to benchmark the Group's reserving methodologies and estimates of losses focusing on lines of business with most inherent uncertainty. - assessing the competence, capabilities and objectivity of the external independent actuarial experts engaged by the Group. - testing 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.



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.

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.



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

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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 Company's consolidated financial position or performance as at and for the year ended 31 December 2024.

19 February 2025
Doha
State of Qatar



Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289
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Auditors' License No. 120153

	Note	31 December 2024	31 December 2023
Policyholders' assets			
Cash and bank balances	6	98,757,616	129,280,321
Contributions receivable	7	101,537,465	102,041,042
Due from retakaful		102,334,883	67,128,006
Retakaful contract assets	8	190,025,056	224,616,548
Investments at fair value through equity	9(a)	51,563,843	50,810,156
Investment at fair value through income statement	9(b)	26,791,530	6,720,702
Investment properties	11(a)	94,699,300	98,421,071
Prepayments and other assets	13	35,564,728	38,437,916
Investment in associates	14	1,742,204	1,742,204
Property and equipment	10(a)	27,228,766	24,495,940
Right-of-use assets	12(a)	4,065,342	4,175,216
Total policyholders' assets		734,310,733	747,869,122
Shareholders' assets			
Cash and bank balances	6	404,861,054	348,078,931
Investments at fair value through equity	9(a)	8,072,685	7,932,139
Investment at fair value through income statement	9(b)	21,233,570	6,133,001
Investment properties	11(b)	104,537,809	109,834,093
Investment in associates	14	103,789,775	96,216,539
Property and equipment	10(b)	9,418,724	9,418,724
Right-of-use assets	12(b)	4,428,583	4,934,720
Total shareholders' assets		656,342,200	582,548,147
Total assets		1,390,652,933	1,330,417,269



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

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

In Qatari Riyals

	Note	31 December 2024	31 December 2023
Policyholders' Liabilities			
Due to retakaful		57,510,989	32,747,638
Takaful contract liabilities	8	485,323,869	470,360,896
Payables and other liabilities	15	63,298,802	71,783,454
Unclaimed surplus	18	14,025,004	17,888,432
Total policyholders' liabilities		620,158,664	592,780,420
Policyholders' equity			
Fair value reserve	9(c)	8,986,364	7,910,461
Real estate reserve	11(c)	12,351,795	13,435,430
Foreign currency reserve for investments at fair value through equity		(4,238,613)	(4,129,999)
Retained surplus		97,052,523	137,872,810
Total policyholders' equity		114,152,069	155,088,702
Total policyholders' equity and liabilities		734,310,733	747,869,122
Shareholders' liabilities			
Unclaimed dividends		10,497,955	15,906,940
Ijarah liabilities	12(c)	464,438	912,129
Payables and other liabilities	19	51,763,105	35,889,136
Total shareholders' liabilities		62,725,498	52,708,205
Shareholders' equity			
Share capital	20	150,000,000	150,000,000
Legal reserve	22	150,000,000	150,000,000
General reserve	23	1,540,888	1,540,888
Foreign currency reserve for investments at fair value through equity		(4,238,610)	(4,129,996)
Fair value reserve	9(c)	258,392	(303,382)
Real estate reserve	11(c)	9,470,971	11,251,667
Reserve for share of profits of associates	32	20,788,933	13,215,697
Retained earnings		265,796,128	208,265,068
Total shareholders' equity		593,616,702	529,839,942
Total shareholders' liabilities and equity		656,342,200	582,548,147
Total policyholders' and shareholders' liabilities and equity		1,390,652,933	1,330,417,269

These consolidated financial statements were approved by the Group's Board of Directors on 19 February 2025 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	2024	2023
Takaful revenues			
Gross contributions	24(c)	551,136,023	523,493,363
Retakaful share of gross contributions	24(c)	(185,670,239)	(178,307,960)
Net retained contributions		365,465,784	345,185,403
Changes in unearned contributions	24(c)	(23,079,206)	825,051
Earned contributions		342,386,578	346,010,454
Commission paid	24(c), 26	(12,388,063)	(13,242,935)
Changes in deferred commission	24(c)	(1,484,655)	(1,149,445)
Total takaful revenues		328,513,860	331,618,074
Takaful expenses			
Gross claims paid	24(c)	263,637,054	251,352,526
Retakaful share of claims paid	24(c)	(96,021,951)	(59,429,601)
Changes in outstanding claims	24(c)	26,475,260	13,586,076
Total takaful expenses		194,090,363	205,509,001
Net surplus from takaful operations		134,423,497	126,109,073
Net Investment income	27	17,082,157	15,552,856
Depreciation of right-of-use assets		(109,874)	(109,874)
Wakala fee	24(c), 25	(165,993,754)	(162,440,954)
Mudarib fees	27	(13,665,726)	(12,442,285)
Fair value (loss) / gain on investment at fair value through income statement	9(b)	(76,120)	9,457
Expected credit loss on financial assets		(4,500,000)	(700,000)
Impairment loss on investment in associates	14	-	(20,000,000)
Other expenses		(3,315,540)	(589,499)
Net deficit for the year		(36,155,360)	(54,611,226)


 For Identification
Purposes Only

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

	Note	2024	2023
Retained surplus at the beginning of the year		137,872,810	209,456,730
Net deficit for the year		(36,155,360)	(54,611,226)
Total surplus at the end of the year		101,717,450	154,845,504
Distribution to policyholders during the year	16	(4,664,927)	(16,972,694)
Retained surplus balance at the end of year		97,052,523	137,872,810



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

	Note	2024	2023
Revenues			
Shareholders' investments revenues	17	12,465,870	9,655,632
Share of profits of associates	14	17,103,236	13,810,902
Wakala fees	25	165,993,754	162,440,954
Rental income		6,128,675	6,422,900
Shareholders' mudarba fees for managing investment portfolio of policyholders	27	13,665,726	12,442,285
Other income		340,378	272,850
Total revenues		215,697,639	205,045,523
Expenses			
Depreciation of right-of-use assets	12(b)	(506,137)	(506,137)
Amortisation of deferred ijarah costs	12(c)	(28,909)	(47,505)
General and administrative expenses	28	(61,944,112)	(56,864,233)
Impairment reversal / (loss) on investments at fair value through equity	9(a)	40,200	(285,385)
Fair value (loss) / gain on investment at fair value through income statement	9(b)	(46,379)	4,409
Fair value loss on investment properties		(3,515,588)	(547,391)
Board of directors' remuneration	29	(6,000,000)	(4,000,000)
Total expenses		(72,000,925)	(62,246,242)
Net income for the year		143,696,714	142,799,281
Basic earnings per share	33	0.958	0.952



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

	Note	2024	2023
Net income for the year		143,696,714	142,799,281
Other comprehensive income			
Items that may not be subsequently classified to consolidated statement of shareholders' income			
Fair value changes of equity-type investments at fair value through equity		530,027	(1,256,176)
Items that may be subsequently classified to consolidated statement of shareholders' income			
Fair value changes of debt-type investments at fair value through equity		31,747	107,098
Fair value changes of investment properties		(1,780,696)	3,469,792
Exchange differences arising on translation of foreign equity investments		(108,614)	(920,840)
Total other comprehensive income for the year		(1,327,536)	1,399,874
Total comprehensive income for the year		142,369,178	144,199,155

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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 2024

In Qatari Riyals

	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 2024	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
Net income for the year	-	-	-	-	-	-	-	143,696,714	143,696,714
Other comprehensive income	-	-	-	(108,614)	(1,780,696)	561,774	-	-	(1,327,536)
Total comprehensive income	-	-	-	(108,614)	(1,780,696)	561,774	-	143,696,714	142,369,178
Transfer to reserve for share of profits of associates (Note 32)	-	-	-	-	-	-	7,573,236	(7,573,236)	-
Contribution to social and sports fund (Note 31)	-	-	-	-	-	-	-	(3,592,418)	(3,592,418)
Dividend declared (Note 21)	-	-	-	-	-	-	-	(75,000,000)	(75,000,000)
Balance at 31 December 2024	<u>150,000,000</u>	<u>150,000,000</u>	<u>1,540,888</u>	<u>(4,238,610)</u>	<u>9,470,971</u>	<u>258,392</u>	<u>20,788,933</u>	<u>265,796,128</u>	<u>593,616,702</u>
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
Other comprehensive income	-	-	-	(920,840)	3,469,792	(1,149,078)	-	-	1,399,874
Total comprehensive income	-	-	-	(920,840)	3,469,792	(1,149,078)	-	142,799,281	144,199,155
Transfer to legal reserve (Note 22)	-	4,446,292	-	-	-	-	-	(4,446,292)	-
Transfer to reserve for share of profits of associates (Note 32)	-	-	-	-	-	-	8,280,902	(8,280,902)	-
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	<u>150,000,000</u>	<u>150,000,000</u>	<u>1,540,888</u>	<u>(4,129,996)</u>	<u>11,251,667</u>	<u>(303,382)</u>	<u>13,215,697</u>	<u>208,265,068</u>	<u>529,839,942</u>

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



	Note	2024	2023
Cash flows from operating activities			
Net income for the year		143,696,714	142,799,281
Policyholders' deficit for the year		(36,155,360)	(54,611,226)
		107,541,354	88,188,055
<i>Adjustments for:</i>			
Depreciation on property and equipment	28	1,515,142	1,577,133
Depreciation on right-of-use assets		616,011	616,011
Amortisation of deferred Ijarah cost		28,909	47,505
Net realised gain on sale of investment at fair value through equity		(53,410)	(1,182,200)
Fair value loss on investment properties		6,153,724	462,548
Provision for employees' end of service benefits	19	1,274,865	816,070
Share of profit / (loss) of associates	14	(17,103,236)	6,189,098
Net provision for impairment on financial assets		4,500,000	700,000
Impairment (reversal) / loss on investments at fair value through equity	9(a)	(10,758)	1,023,650
Fair value loss / (gain) on investment at fair value through income statement	9(b)	122,499	(13,866)
Operating profit before working capital changes		104,585,100	98,424,004
<i>Changes in:</i>			
Contributions receivable		(3,996,423)	(15,985,151)
Prepayments and other assets		2,873,188	7,177,502
Retakaful contract assets		34,591,492	(12,358,004)
Due from / to reinsurers - net		(10,443,526)	(10,822,260)
Takaful contract liabilities		14,962,973	25,119,029
Payables and other liabilities		2,711,712	15,762,339
Cash generated from operating activities		145,284,516	107,317,459
Surplus distributed to policyholders	18	(8,528,355)	(17,594,266)
Employees' end of service benefits paid	19	(189,678)	(456,068)
Finance cost paid		(28,909)	(47,505)
Net cash generated from operating activities		136,537,574	89,219,620
Cash flows from investing activities			
Acquisition of property and equipment	10	(4,247,968)	(4,397,832)
Net movement in investment deposits		22,814,371	(88,076,951)
Dividend received from associates	14	9,530,000	5,530,000
Purchase of investments at fair value through equity	9(a)	(707,667)	(11,919,164)
Purchase of investments at fair value through income statement	9(b)	(37,003,847)	(5,527,936)
Proceeds from sale of investments at fair value through income statement		1,709,951	-
Proceeds from sale of investments at fair value through equity		1,298,050	14,352,468
Net cash used in investing activities		(6,607,110)	(90,039,415)
Cash flows from financing activities			
Payment of principal portion of Ijarah liabilities		(447,690)	(429,095)
Dividends paid		(80,408,985)	(66,878,583)
Net cash used in financing activities		(80,856,675)	(67,307,678)
Net increase / (decrease) in cash and cash equivalents		49,073,789	(68,127,473)
Cash and cash equivalents at 1 January		90,211,705	158,339,178
Cash and cash equivalents At 31 December	6	139,285,494	90,211,705

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 2024.

The consolidated financial statements were authorized to issue in accordance with a resolution of Board of Directors on 19 February 2025.

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').

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

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, consolidated statements of shareholders' comprehensive 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 recognized 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 2024

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 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.

During the year the Group has adopted FAS 1 (revised). As a result of this adoption following change made to the primary statements of the Group:

Statement of Comprehensive income

As a result of adoption of FAS 1 certain figures have been regrouped or represented to be consistent with the current year presentation. Such regrouping did not affect previously reported net profits, total assets, total liabilities and total equity of the Group. Further the Group has elected to present statement of income and statement of other comprehensive income as two separate statements.

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 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

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

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

a. FAS 42 - Presentation and Disclosures in the Financial Statements of Takaful Institutions (continued)

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.

b. 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:

- 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 principal accounting treatments in respect of Takaful arrangements have been aligned with the globally generally accepted accounting principles and newer regulatory requirements (where applicable);
- c) 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;
- d) 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;
- e) 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

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 43 - Accounting for Takaful: Recognition and Measurement (continued)

- f) 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 an 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.

c. FAS 48: Promotional Gifts and Prizes

This standard prescribes accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions. The standard categorizes them into a) promotional gifts where entitlement occurs instantly; b) promotional prizes that are announced in advance to be awarded at a future date and c) loyalty programs where the obligation is accumulated over the period.

This standard is effective for the financial periods beginning on or after 1 January 2026, with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

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

New standards, amendments and interpretations

In the financial statements of 2025, the Group will apply FAS 43 for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has made significant progress in the implementation of FAS 43 and is working on following areas to complete the transition to FAS 43:

- The Group continues to work on configuring the remaining system integration and internal controls required for applying FAS 43.
- The new accounting policies assumptions, judgements and estimation techniques employed are subject to change until the Group finalizes its first financial statements that include the data of initial application.
- Finalise the layout and disclosure of the FAS 43 compliant annual financial statements.
- Continue engaging with the executive committee and business through various training initiatives.

FAS 43 “Accounting for Takaful: Recognition and Measurement”

FAS 43 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2025. The Group will follow a full retrospective approach and will restate comparative information for 2024 applying the transitional provisions.

The management is currently working together with third party experts, and it is expected that the change in the accounting systems, accounting policies and the preparation of the financial statements in accordance with FAS 43 would be completed before the reporting timeline of Q1 FY2025. Accordingly, the comparative information for the year 2024 will be restated due to the adoption of such changes. Currently, the management is in the process of ascertaining a reasonable estimate of the financial impact on the net profit for the year ended 31 December 2024 and the equity as at 1 January 2024 and 31 December 2024.

Changes to classification and measurement

The nature of the changes in accounting policies can be summarised, as follows:

The adoption of FAS 43 will not change the classification of the Group’s takaful arrangements.

The Group was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, FAS 43 establishes specific principles for the recognition and measurement of takaful arrangements issued and re-takaful arrangements held by the Group. The Group will apply the contribution allocation approach (CAA) to groups of takaful arrangements that it issues and groups of re-takaful arrangements that it holds where the entitlement period is 12 months or less. The Group performed CAA eligibility assessment for the groups of arrangements where the entitlement period is more than 12 months. Based on the assessment performed, CAA measurement model is eligible and will be applied to all arrangements except Group Credit Life (GCL) which is a long-term contract and the measurement model for GCL will be General Approach (GA).

The measurement principles of the CAA differ from the ‘earned contribution approach’ used by the Group under IFRS 4 in the following key areas:

- On initial recognition, the provision for remaining entitlement period is measured under CAA as follows:
 - the contribution, if any, received (or receivable) at initial recognition;

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

New standards, amendments and interpretations (continued)

FAS 43 “Accounting for Takaful: Recognition and Measurement” (continued)

Changes to classification and measurement (continued)

- less: wakala fee;
- less: any Takaful acquisition cashflows at that date unless these are recognized as expenses; and
- add or less: the amount arising from the derecognition at the date of the asset or liability recognized for Takaful acquisition cashflows.

The Group expects that the time between providing each part of the services and the related contribution due date will be no more than a year. Where the contribution due date and the related period of services are more than 12 months the Group has assessed that the difference between total expected cash outflows and their fair values is not material, and hence such the difference is not recorded as deferred cost. However, for credit life, where the contribution due date and the related service period extend beyond 12 months, the Group has assessed amount as material and has thus adjusted the fair value of provision for remaining entitlement period accordingly.

- Measurement of the provision for remaining entitlement period involves an explicit evaluation of risk adjustment for non-financial risk when a group of arrangements is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision). If at any time before and during the entitlement period, facts and circumstances indicate that a group of arrangements is onerous, then the Group will recognize a loss in participant's takaful fund and increase the provision for remaining entitlement period to the extent that the current estimates of the fulfilment cash flow that relate to remaining entitlement exceed the carrying amount of the provision for remaining entitlement period.
- Measurement of the liability for incurred claims for benefits (previously claims outstanding and incurred but not reported (IBNR) claims) will be determined on a expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred takaful expenses. The Group will recognize the liability for incurred claims for benefits of a group of arrangements at the amount of the fulfilment cash flows relating to incurred claims. In case the cash outflows are spread over a period of more than one year, and the difference between the total expected cash outflows and their fair value is material, the Group will adjust the carrying amount of the provision for remaining entitlement period to its fair value and will record such difference initially as deferred cost.
- The Group will allocate the acquisition cash flows to groups of takaful arrangements issued or expected to be issued using a systematic and rational basis. Takaful acquisition cash flows include those that are directly attributable to Group. Where such takaful acquisition cash flows are paid (or where a liability has been recognized applying another FAS standard) before the related group of takaful arrangements is recognized, an asset for takaful acquisition cash flows is recognized. When takaful arrangements are recognized, the related portion of the asset for takaful acquisition cash flows is recognized and subsumed into the measurement at initial recognition of the takaful provision for remaining entitlement period of the related group.

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

New standards, amendments and interpretations (continued)

FAS 43 “Accounting for Takaful: Recognition and Measurement” (continued)

Changes to classification and measurement (continued)

- Measurement of the asset for remaining entitlement period (reflecting re-takaful contributions paid for re-takaful held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous arrangement losses where such arrangements re-insure onerous direct arrangements. The Group will apply the same accounting policies to measure a group of re-takaful arrangements, adapted where necessary to reflect features that differ from those of takaful arrangements. For Credit life also the Group will not adjust future cash flows for the difference between the total cash flows and the fair value of those cash flows aligning this approach with other lines of business.
- Wakala fee charged by takaful operator to participant's takaful fund will be amortised based on the service provided pattern for all line of business.
- Takaful acquisition service costs (or gains), including the allocation charges related to the takaful arrangement that is received (or receivable) and paid (or payable) before the takaful arrangement is recognized will be recorded as an expense or income in the books of the Group immediately, except for Credit life where this will be amortised over amortised based on the earning pattern. For commission amounts classified as acquisition expenses, the Group has assumed no receivables or payables, as these amounts are netted off with the contribution. To avoid undue costs and effort, the Group assumes these amounts are settled immediately, given their insignificance.
- The Group does not issue any arrangements with direct participating features.

Presentation and disclosure

FAS 43 will significantly change how takaful arrangements, re-takaful arrangements are presented and disclosed in the Group's financial statements.

For presentation in the statement of financial position, the Group will aggregate takaful and re-takaful arrangements issued and re-takaful arrangements held, respectively and present separately:

- Portfolios of takaful and re-takaful arrangements issued that are assets
- Portfolios of takaful and re-takaful arrangements issued that are liabilities
- Portfolios of re-takaful arrangements held that are assets
- Portfolios of re-takaful arrangements held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the FAS 43 requirements. Portfolios of takaful arrangements issued include any assets for takaful acquisition cash flows. The line-item descriptions in the statement of policyholders' revenue and expenses will change significantly compared with last year. Currently, the Group reported the following line items:

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

New standards, amendments and interpretations (continued)

FAS 43 “Accounting for Takaful: Recognition and Measurement” (continued)

Presentation and disclosure (continued)

- Gross contributions
- Re-takaful share
- Net contributions
- Movement in unearned contribution – net
- Net earned contributions
- Gross claims paid
- Re-Takaful and other recoveries
- Movement in outstanding claims and IBNR - net
- Commission income
- Commission expense
- Net underwriting results
- Surplus from takaful operation
- Wakala fees

Instead, FAS 43 requires separate presentation of:

- Takaful contributions
- Takaful costs
- Re-takaful net result
- Amortisation of deferred cost (related to provision of takaful arrangements)
- Amortisation of deferred income (related to retakaful arrangements held)
- Other participants' expense/income

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 2024 (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:

- 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.

4. Significant accounting policies (continued)

a) Basis of consolidation (continued)

i. Subsidiary (continued)

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.

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.

4. Significant accounting policies (continued)

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 recognized 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 recognized when the right to receive the dividends is established or when received.

Rental income

Rental income is recognized 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.

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 recognized 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.

4. Significant accounting policies (continued)

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

4. Significant accounting policies (continued)

f) Provisions (continued)

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).

Employee benefits

i. Defined contribution plans

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

ii. 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. 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.

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.

4. Significant accounting policies (continued)

h) Takaful receivables (continued)

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.

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

4. Significant accounting policies (continued)

j) Investment securities (continued)

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 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.

4. Significant accounting policies (continued)

j) Investment securities (continued)

(iii) Fair value through income statement (continued)

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 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 the 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.

4. Significant accounting policies (continued)

k) Financial assets (continued)

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.

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.

4. Significant accounting policies (continued)

k) Financial assets (continued)

Credit losses approach (continued)

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.

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.

4. Significant accounting policies (continued)

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 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

4. Significant accounting policies (continued)

m) Property and equipment (continued)

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.

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.

Capital work in progress

Capital work in progress represents projects in the course of construction for the purpose of use in future. Capital work in progress is carried at cost, less any recognized impairment loss. Upon completion these projects will be transferred to property and equipment.

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 measure 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

4. Significant accounting policies (continued)

n) Investment properties (continued)

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 recognized 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 recognized 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 recognized 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 derecognized 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 recognized 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.

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.

4. Significant accounting policies (continued)

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 recognized 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.

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 recognized directly in equity, where the gain or loss is then recognized 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.

4. Significant accounting policies (continued)

s) Fair values (continued)

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 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.

4. Significant accounting policies (continued)

s) Fair values (continued)

Financial assets at fair value through equity / profit or loss (continued)

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.
- 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.

4. Significant accounting policies (continued)

t) Ijarah (continued)

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

- 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.

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:

4. Significant accounting policies (continued)

v) Segment reporting (continued)

- 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.

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 recognized 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.

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

- 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.

- 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

5. Critical judgments and key sources of estimation uncertainty (continued)**- Impairment of investments at fair value through equity (continued)**

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:

	2024	2023
Policyholders		
Cash in hand	562,016	581,173
Investment deposits (Islamic banks) (1)	60,262,580	108,076,951
Current accounts (2)	35,832,001	18,521,178
Saving accounts (Islamic banks)	2,472,993	2,472,993
Total for policyholders (i)	99,129,590	129,652,295
Less: Expected credit loss	(371,974)	(371,974)
Total as per the statement of financial position	98,757,616	129,280,321
Shareholders		
Investment deposits (Islamic banks) (1)	305,000,000	280,000,000
Current accounts (2)	187,665	327,400
Saving accounts (Islamic banks)	100,230,819	68,308,961
Total for shareholders (ii)	405,418,484	348,636,361
Less: Expected credit loss	(557,430)	(557,430)
Total as per the statement of financial position	404,861,054	348,078,931
Total cash and bank balances before expected credit loss (i + ii)	504,548,074	478,288,656
Less: deposits with original maturities of more than ninety days	(365,262,580)	(388,076,951)
Total cash and cash equivalents as per the statement of Cash flows	139,285,494	90,211,705

6. Cash and bank balances (continued)

- 1) Investment deposits earn profit at rates ranging from 4.0% to 6.1% (2023: 4.0% to 6.1%)
- 2) Included in current accounts non-islamic bank accounts used for the policyholders' contributions paid by credit cards.

7. Contributions receivable

	2024	2023
Contributions receivable	136,264,973	132,268,550
Less: expected credit loss on contribution receivable	<u>(34,727,508)</u>	<u>(30,227,508)</u>
At 31 December	<u>101,537,465</u>	<u>102,041,042</u>

Contributions receivable comprises a large number of customers mainly within the State of Qatar. Four clients account for 24% of the contribution receivables as of 31 December 2023 (2023: 38%).

	2024	2023
0 - 60 days	8,649,139	29,492,423
61 - 90 days	7,633,440	8,195,760
91 - 180 days	48,520,132	30,791,692
181 - 365 days	40,401,538	37,319,250
More than 365 days	<u>31,060,724</u>	<u>26,469,425</u>
Total	<u>136,264,973</u>	<u>132,268,550</u>

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

	2024	2023
Balance at 1 January	30,227,508	29,527,508
Charge for the year	<u>4,500,000</u>	<u>700,000</u>
Balance at 31 December	<u>34,727,508</u>	<u>30,227,508</u>

8. Retakaful contract assets and takaful contract liabilities

	2024	2023
Gross takaful contract liabilities		
Claims reported unsettled	150,546,924	171,733,456
Claims incurred but not reported and other reserves	130,870,580	98,262,805
Unearned contributions	<u>203,906,365</u>	<u>200,364,635</u>
	<u>485,323,869</u>	<u>470,360,896</u>
Retakaful share of takaful liabilities		
Claims reported unsettled	81,073,514	122,025,706
Claims incurred but not reported and other reserves	58,675,438	32,777,262
Unearned contributions	<u>50,276,104</u>	<u>69,813,580</u>
	<u>190,025,056</u>	<u>224,616,548</u>
Net takaful liabilities		
Claims reported unsettled	69,473,410	49,707,750
Claims incurred but not reported and other reserves	72,195,142	65,485,543
Unearned contributions	<u>153,630,261</u>	<u>130,551,055</u>
	<u>295,298,813</u>	<u>245,744,348</u>

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

	2024			2023		
	Gross takaful liabilities	Retakaful contract assets	Net	Gross takaful liabilities	Retakaful contract assets	Net
At 1 January,						
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	98,262,805	32,777,262	65,485,543	100,533,188	39,563,977	60,969,211
Unearned contributions	200,364,635	69,813,580	130,551,055	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
<i>Movements during the year</i>						
Claims reported unsettled	(21,186,532)	(40,952,192)	19,765,660	28,566,444	19,496,700	9,069,744
Claims incurred but not reported and other reserves	32,607,775	25,898,176	6,709,599	(2,270,383)	(6,786,715)	4,516,332
Unearned contributions	3,541,730	(19,537,476)	23,079,206	(1,177,032)	(351,981)	(825,051)
Total	14,962,973	(34,591,492)	49,554,465	25,119,029	12,358,004	12,761,025
At 31 December,						
Claims reported unsettled	150,546,924	81,073,514	69,473,410	171,733,456	122,025,706	49,707,750
Claims incurred but not reported and other reserves	130,870,580	58,675,438	72,195,142	98,262,805	32,777,262	65,485,543
Unearned contributions	203,906,365	50,276,104	153,630,261	200,364,635	69,813,580	130,551,055
Total	485,323,869	190,025,056	295,298,813	470,360,896	224,616,548	245,744,348

9. Financial investments

a. Investments at fair value through equity

	31 December 2024		31 December 2023	
	Policyholders	Shareholders	Policyholders	Shareholders
Quoted investments (i)	38,789,832	4,141,735	38,419,981	3,866,901
Cumulative change in fair value	9,411,738	568,676	8,367,582	42,644
Total (1)	48,201,570	4,710,411	46,787,563	3,909,545
Unquoted investments (ii)	7,518,146	7,518,143	7,737,146	7,741,138
Less: Foreign currency reserve for investments at fair value through equity	(4,238,613)	(4,238,610)	(4,129,999)	(4,129,996)
Less: Cumulative change in fair value	(587,803)	(587,803)	(587,803)	(591,798)
Total (2)	2,691,730	2,691,730	3,019,344	3,019,344
Debt investments	542,605	686,758	907,058	1,051,211
Less: Cumulative change in fair value	162,429	18,277	130,682	(13,470)
Less: Impairment loss	(34,491)	(34,491)	(34,491)	(34,491)
Total (3)	670,543	670,544	1,003,249	1,003,250
Total investment at fair value through equity (1+2+3)	51,563,843	8,072,685	50,810,156	7,932,139

- (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:

	2024	2023
Balance at 1 January	58,742,295	64,040,049
Additions	707,667	11,919,164
Disposals	(1,244,641)	(13,170,268)
Impairment reversal / (loss) for the year	10,758	(1,023,650)
Cumulative change in fair value	1,637,677	(1,181,320)
Change in foreign currency reserve for investments at fair value through equity for the year	(217,228)	(1,841,680)
Balance at 31 December (Note 1)	59,636,528	58,742,295

Note 1:

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

	31 December 2024		31 December 2023	
	Policyholders	Shareholders	Policyholders	Shareholders
Investments at fair value through equity	51,563,843	8,072,685	50,810,156	7,932,139

9. Financial investments (continued)**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 2024		31 December 2023	
	Policyholders	Shareholders	Policyholders	Shareholders
Investments at fair value through income statement	26,791,530	21,233,570	6,720,702	6,133,001

* This constitutes investments in local sukuk.

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

	2024	2023
Balance at 1 January	12,853,703	7,311,901
Additions	37,003,847	5,527,936
Disposals	(1,709,951)	-
Fair value (loss) / gain	(122,499)	13,866
Balance at 31 December	48,025,100	12,853,703

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 2024		31 December 2023	
	Policyholders	Shareholders	Policyholders	Shareholders
Quoted investments				
Balance at 1 January	8,367,582	38,649	8,628,031	1,271,782
Net movement during the year	1,044,156	530,027	(260,449)	(1,233,133)
Quoted investments – At fair values (1)	9,411,738	568,676	8,367,582	38,649
Unquoted investments (2)	(587,803)	(587,803)	(587,803)	(587,803)
Other investments (3)	162,429	18,277	130,682	(13,470)
Investment in associates (4)	-	259,242	-	259,242
Balance at 31 December (1+2+3+4)	8,986,364	258,392	7,910,461	(303,382)

10. Property and equipment

(a) Policyholders'	Land	Buildings	Computer and equipment	Furniture and fixtures	Motor vehicle	Capital work in progress	Total
Cost:							
Balance at 1 January 2023	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
Additions during the year	-	-	411,437	24,830	-	3,811,701	4,247,968
Balance at 31 December 2024	11,515,817	11,338,253	14,756,582	6,308,352	1,485,999	6,847,261	52,252,264
Accumulated Depreciation:							
Balance at 1 January 2023	-	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
Depreciation for the year (Note 26)	-	420,845	609,902	296,338	188,057	-	1,515,142
Balance at 31 December 2024	-	5,935,508	13,385,552	4,794,284	908,154	-	25,023,498
Carrying value:							
Balance at 31 December 2024	11,515,817	5,402,745	1,371,030	1,514,068	577,845	6,847,261	27,228,766
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

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

	Land	Total
Balance as at 1 January 2023 / 1 January 2024	9,418,724	9,418,724
Transferred from investment properties (Note 11)		
Accumulated Depreciation:		
Balance at 1 January 2023 / 31 December 2023 / 31 December 2024	-	-
Carrying amounts		
Balance as at 31 December 2023 / 31 December 2024	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:

	2024	2023
a) Policyholders		
At 1 January	98,421,071	105,678,371
Transferred to property and equipment	-	(9,418,724)
Net fair value (loss) / gain	(3,721,771)	2,161,424
Balance at 31 December	94,699,300	98,421,071
b) Shareholders		
At 1 January	109,834,093	116,330,416
Transferred to property and equipment	-	(9,418,724)
Net fair value (loss) / gain	(5,296,284)	2,922,401
Balance at 31 December	104,537,809	109,834,093
Investment properties consist of:		
Policyholders		
Building	76,428,269	79,431,971
Land	18,271,031	18,989,100
	94,699,300	98,421,071
Shareholders		
Building	86,165,728	90,531,212
Land	18,372,081	19,302,881
	104,537,809	109,834,093

As at 31 December 2024, 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 recognized 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

11. Investment properties (continued)

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 2024, the fair value at the date of valuation amounted to QR 199.24 million (31 December 2023: QR 208.26 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 2022	19,140,724	11,358,849	7,781,875
Net fair value gain on investment properties	5,546,373	2,076,581	3,469,792
Balance at 31 December 2023	24,687,097	13,435,430	11,251,667
Net fair value loss on investment properties	(2,864,331)	(1,083,635)	(1,780,696)
Balance at 31 December 2024	21,822,766	12,351,795	9,470,971

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

2024

<i>Type of property</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range weighted average</i>
Commercial, residential and industrial properties	Income approach	Monthly rent income (sqm) Capitalisation rate Vacancy rate Non recoverable operating expenses	QR 55 - QR 140 6.50% - 7.25% 5% - 7% 5% - 7%
Land	Market comparable method		QR 4,843 - 5,382

2023

<i>Type of property</i>	<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Range weighted average</i>
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

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 2024, 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 1.99 million (2023: QR 2.08 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'

	2024	2023
Balance at 1 January	4,175,216	4,285,090
Depreciation	<u>(109,874)</u>	<u>(109,874)</u>
Balance at 31 December	<u>4,065,342</u>	<u>4,175,216</u>

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

	2024	2023
Balance at 1 January	4,934,720	5,440,857
Depreciation	<u>(506,137)</u>	<u>(506,137)</u>
Balance at 31 December	<u>4,428,583</u>	<u>4,934,720</u>

(c) Ijarah liabilities – shareholders'

	2024	2023
Balance at 1 January	912,129	1,341,224
Amortization of deferred ijarah costs	28,909	47,505
Payments during the year	<u>(476,600)</u>	<u>(476,600)</u>
Balance at 31 December	<u>464,438</u>	<u>912,129</u>

13. Prepayments and other assets

	2024	2023
Brokers and others receivable	1,186,674	1,026,883
Less: Provision for ECL allowance (a)	<u>(718,913)</u>	<u>(718,913)</u>
	467,761	307,970
Prepayments	18,207,349	14,155,545
Receivables from investment broker	5,317,656	5,725,525
Accrued salvage recovery income	334,000	487,000
Accrued investment income	300,001	4,472,778
Deferred commission	2,497,314	3,981,969
Staff receivables	4,992,871	6,459,603
Accrued rental income	<u>3,447,776</u>	<u>2,847,526</u>
	<u>35,564,728</u>	<u>38,437,916</u>

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

	2024	2023
Balance at 1 January	718,913	718,913
Charge/(reversal) for the year	<u>-</u>	<u>-</u>
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	2024	2023
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 2024		31 December 2023	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at 1 January	1,742,204	96,216,539	21,742,204	87,935,637
Share of profit for the year	-	17,103,236	-	13,810,902
Dividends received during the year	-	(9,530,000)	-	(5,530,000)
Less: Impairment of investment in associates	-	-	(20,000,000)	-
Balance at 31 December	1,742,204	103,789,775	1,742,204	96,216,539

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

	2024	2023
Total assets	817,043,639	783,954,992
Total liabilities	323,778,242	317,274,506
Net assets	493,265,397	466,680,328
Additional consideration paid in excess of share in net assets	22,350,000	22,350,000
Group's share of net assets of associates	107,123,891	100,477,663
Revenues	20,870,080	18,393,025
Group's share of profit	17,103,236	4,589,098

15. Payables and other liabilities - policyholders

	2024	2023
Payable to suppliers	59,645,085	68,678,840
Other payables	3,653,717	3,104,614
	63,298,802	71,783,454

16. Distributable surplus

The Board of Directors resolved in its meeting dated 15 February 2024 to allocate QR 4,664,927 (2023: QR 16,972,694) 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

	2024	2023
Realized gain on sale of investments at fair value through equity	26,705	497,047
Dividends income	911,504	606,962
Administration fees from Tashelaat Islamic Company W.L.L.	635,882	664,902
Profit income on bank deposits	10,891,779	7,886,721
	<u>12,465,870</u>	<u>9,655,632</u>

18. Unclaimed surplus

	2024	2023
Balance at 1 January	17,888,432	18,510,004
Transferred during the year	4,664,927	16,972,694
Distributed during the year	(8,528,355)	(17,594,266)
Balance at 31 December	<u>14,025,004</u>	<u>17,888,432</u>

19. Payables and other liabilities – shareholders'

	2024	2023
Staff incentive provision	11,000,000	7,081,289
Employees' end of service benefits (i)	13,822,086	12,736,899
Board of Directors remuneration payable (Note 29)	6,615,815	4,000,003
Other payables	20,325,204	12,070,945
	<u>51,763,105</u>	<u>35,889,136</u>

(i) Employees' end of service benefits

	2024	2023
Balance at 1 January	12,736,899	12,376,897
Charge for the year	1,274,865	816,070
Payments during the year	(189,678)	(456,068)
Balance at 31 December	<u>13,822,086</u>	<u>12,736,899</u>

20. Share capital

<i>Authorized, issued and paid-up capital</i>	2024	2023
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 19 February 2025 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 2024 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 15 February 2024 has approved the cash dividend proposed by the Board of Directors of 50% amounting to QR 0.5 per share for the year ended 31 December 2023 totaling QR 75,000,000.

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.

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. The Group has reached the limit of 100% of the paid-up capital therefore there is no transfer during the year (2023: QR 4,446,292).

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.

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24. Segment information

a) Business segments

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

	31 December 2024					31 December 2023				
	<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>(31,570,257)</u>	<u>44,402,558</u>	<u>(25,049)</u>	<u>94,734,102</u>	<u>107,541,354</u>	<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>
Total assets	<u>429,462,132</u>	<u>716,812,277</u>	<u>199,237,109</u>	<u>45,141,415</u>	<u>1,390,652,933</u>	<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>
Total liabilities	<u>671,921,769</u>	<u>10,497,955</u>	<u>-</u>	<u>464,438</u>	<u>682,884,162</u>	<u>628,669,556</u>	<u>15,906,940</u>	<u>-</u>	<u>912,129</u>	<u>645,488,625</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 2024				31 December 2023			
	General Accidents	Motors	Takaful and health	Total	General Accidents	Motors	Takaful and health	Total
Gross contributions	127,909,004	141,579,138	281,647,881	551,136,023	129,282,019	163,041,514	231,169,830	523,493,363
Reinsurers' share	(108,110,236)	(25,222,101)	(52,337,902)	(185,670,239)	(106,650,813)	(26,102,638)	(45,554,509)	(178,307,960)
Net contributions	19,798,768	116,357,037	229,309,979	365,465,784	22,631,206	136,938,876	185,615,321	345,185,403
Movement in unearned contributions	(2,994,472)	12,339,529	(32,424,263)	(23,079,206)	(2,347,859)	8,711,336	(5,538,426)	825,051
Net earned contributions	16,804,296	128,696,566	196,885,716	342,386,578	20,283,347	145,650,212	180,076,895	346,010,454
Commission, net	15,166,676	(4,257,609)	(23,297,130)	(12,388,063)	12,079,587	(7,403,048)	(17,919,474)	(13,242,935)
Changes in deferred commission	(638,013)	(813,642)	(33,000)	(1,484,655)	(78,101)	(1,348,478)	277,134	(1,149,445)
Total Takaful revenue (1)	31,332,959	123,625,315	173,555,586	328,513,860	32,284,833	136,898,686	162,434,555	331,618,074
Gross claims paid	42,335,589	88,109,689	133,191,776	263,637,054	15,683,198	105,843,220	129,826,108	251,352,526
Retakaful and other recoveries	(36,352,147)	(12,898,644)	(46,771,160)	(96,021,951)	(11,106,955)	(5,883,277)	(42,439,369)	(59,429,601)
Movement in outstanding claims	2,694,011	12,283,379	11,497,870	26,475,260	6,719,546	(12,491,910)	19,358,440	13,586,076
Net claims incurred (2)	8,677,453	87,494,424	97,918,486	194,090,363	11,295,789	87,468,033	106,745,179	205,509,001
Net surplus from takaful operations (1-2)	22,655,506	36,130,891	75,637,100	134,423,497	20,989,044	49,430,653	55,689,376	126,109,073

25. Wakala fee

The Wakala fee is provided to shareholders at the rate of 30% from 7 January 2024 (May 2023: 33%) of gross contribution for the period as approved by the Board of Directors and the Sharia' Supervisory Board.

26. Net commission – policyholders'

	2024	2023
Profit from reinsurers	23,359,026	2,119,512
Commission to agents and reinsurers	(35,747,089)	(15,362,447)
	<u>(12,388,063)</u>	<u>(13,242,935)</u>

27. Net investment income – policyholders'

	2024	2023
Rental income	5,513,275	5,734,700
Dividends income	3,513,400	2,213,362
Realized gain from sale of investments at fair value through equity	26,705	685,153
Profit on bank deposits	10,891,779	7,886,721
Maintenance expense	(534,090)	(1,342,828)
Other income	338,666	1,029,170
Impairment loss on investments at fair value through equity	(29,442)	(738,265)
Fair value (loss) /gain on investment properties (Note 11)	(2,638,136)	84,843
Income from investments of policyholders'	<u>17,082,157</u>	<u>15,552,856</u>
Shareholders' share in policyholders' investment income (Mudarib fees)*	(13,665,726)	(12,442,285)
Net investment income of policyholders'	<u>3,416,431</u>	<u>3,110,571</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% (2023: 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

	2024	2023
Staff cost	42,696,534	36,868,100
Repair and maintenance expenses	8,814,701	7,983,032
Utilities	1,357,613	1,991,254
Professional fees	2,487,163	1,928,767
Depreciation on property and equipment (Note 10)	1,515,142	1,577,133
Insurance expenses	1,306,597	1,075,631
Advertisement expenses	213,851	451,210
Other expenses	3,552,511	4,989,106
	<u>61,944,112</u>	<u>56,864,233</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 2024 has been proposed by the Board of Directors on their meeting dated 19 February 2025 at QR 6,000,000 (2023: QR 4,000,000).

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 7,573,236 to this reserve (2023: QR 8,280,902).

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.

	2024	2023
Profit attributable to the shareholders	<u>143,696,714</u>	<u>142,799,281</u>
Weighted average number of ordinary shares	<u>150,000,000</u>	<u>150,000,000</u>
Basic earnings per share	<u>0.958</u>	<u>0.952</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

	2024	2023
Bank guarantees	<u>8,912,953</u>	<u>8,851,448</u>
Performance Bond	<u>3,179,556</u>	<u>125,462</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:

Name of entity	Nature of Relationship	Nature of transactions	2024	2023
Ezdan Holding Group Q.P.S.C	Common directorship	Contribution and claims	<u>7,227,547</u>	<u>8,391,123</u>
Qatar Islamic International Bank Q.P.S.C	Common directorship	Contribution and claims	<u>118,401,745</u>	<u>103,680,575</u>
Tashelaat Islamic Company W.L.L.	Associate	Management fees, contribution and claims	<u>642,591</u>	<u>685,986</u>
Sak Holding Group Company	Common directorship	Contribution and claims	<u>1,618,619</u>	<u>2,607,730</u>
Medicare Group Q.P.S.C	Common directorship	Contribution and claims	<u>13,989,528</u>	<u>13,733,574</u>

b) Balances included within contributions receivables and payables:

Name of entity	2024	2023
Mackeen Holding Company Q.S.C.	-	(2,433)
Ezdan Holding Group Q.P.S.C.	524,428	3,500,902
Qatar Islamic International Bank Q.P.S.C.	(13,394,136)	(10,396,307)
Medicare Group Q.P.S.C.	5,452,888	6,547,377
Tashelaat Islamic Company W.L.L.	643,586	679,277
SAK Holding Group Company	734,774	1,953,783

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

c) Compensation of key management personnel

	2024	2023
Board of directors' remuneration (Note 29)	6,000,000	4,000,000
Salaries and other short-term benefits	9,586,740	7,974,240
Employees' end of service benefit	1,085,187	159,636
	<u>16,671,927</u>	<u>12,133,876</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 2024:

	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	51,563,843	-	-	51,563,843	48,872,113	-	2,691,730
Investments at fair value through income statement	26,791,530	-	-	26,791,530	26,791,530	-	-
Financial assets not measured at fair value (Policyholders)							
Contribution receivable	-	101,537,465	-	101,537,465	-	-	-
Due from retakaful	-	102,334,883	-	102,334,883	-	-	-
Other assets	-	35,564,728	-	35,564,728	-	-	-
Cash and bank balances	-	98,757,616	-	98,757,616	-	-	-
Financial liabilities not measured at fair value (Policyholders)							
Due to retakaful	-	-	57,510,989	57,510,989	-	-	-
Payables and other liabilities	-	-	63,298,802	63,298,802	-	-	-
Unclaimed surplus	-	-	14,025,004	14,025,004	-	-	-
Financial assets measured at fair value (Shareholders)							
Investments at fair value through equity	8,072,685	-	-	8,072,685	5,380,955	-	2,691,730
Investments at fair value through income statement	21,233,570	-	-	21,233,570	21,233,570	-	-
Financial assets not measured at fair value (Shareholders)							
Cash and bank balances	-	404,861,054	-	404,861,054	-	-	-
Financial liabilities not measured at fair value (Shareholders)							
Unclaimed dividends	-	-	10,497,955	10,497,955	-	-	-
Ijarah liabilities	-	-	464,438	464,438	-	-	-
Payables and other liabilities	-	-	51,763,105	51,763,105	-	-	-
	<u>107,661,628</u>	<u>743,055,746</u>	<u>197,560,293</u>	<u>1,048,277,667</u>			

36. Fair Values of financial instruments (continued)

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
<i>Financial assets measured at fair value (Policyholders)</i>							
Investments at fair value through equity	50,810,156	-	-	50,810,156	47,790,812	-	3,019,344
Investments at fair value through income statement	6,720,702	-	-	6,720,702	6,720,702	-	-
<i>Financial assets not measured at fair value (Policyholders)</i>							
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	-	-	-
<i>Financial liabilities not measured at fair value (Policyholders)</i>							
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	-	-	-
<i>Financial assets measured at fair value (Shareholders)</i>							
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	-	-
<i>Financial assets not measured at fair value (Shareholders)</i>							
Cash and bank balances	-	348,078,931	-	348,078,931	-	-	-
<i>Financial liabilities not measured at fair value (Shareholders)</i>							
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	684,966,216	175,127,729	931,689,943			

During the years ended 31 December 2024 and 2023, 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:

	2024	2023
At 1 January	6,038,688	8,142,851
Additions during the year	-	-
Disposal during the year	(438,000)	-
Net movement in fair value reserve	-	-
Net movement in foreign currency reserve	(217,228)	(2,104,163)
At 31 December	5,383,460	6,038,688

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values at 31 December 2024 and 31 December 2023 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:

	2024			2023		
	Gross reserves	Retakaful reserves	Net reserves	Gross reserves	Retakaful reserves	Net reserves
Motor	59,309,360	(2,937,866)	56,371,494	55,621,650	(18,729,760)	36,891,890
General accident	91,237,564	(78,135,648)	13,101,916	116,076,219	(103,291,258)	12,784,961
Takaful and health	-	-	-	35,587	(4,688)	30,899
	150,546,924	(81,073,514)	69,473,410	171,733,456	(122,025,706)	49,707,750

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	2024		2023	
		Impact on net earned contributions	Impact on equity	Impact on net earned contributions	Impact on equity
Loss ratio	+5%	(17,119,329)	(17,119,329)	(17,302,873)	(17,300,523)
	-5%	17,119,329	17,119,329	17,302,873	17,300,523

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 – 2024

	2019	2020	2021	2022	2023	2024	Total
Estimate of cumulative claims							
At end of the accident year	216,901,219	95,623,739	157,758,597	206,124,679	240,081,308	218,931,918	
One year later	208,877,236	164,542,581	153,499,115	203,228,527	343,774,044	-	
Two years later	236,849,187	161,251,729	158,541,651	231,983,142	-	-	
Three years later	234,006,997	166,386,333	175,150,990	-	-	-	
Four years later	237,383,620	191,087,607	-	-	-	-	
Five Years Later	249,444,990	-	-	-	-	-	
Current estimate of cumulative claims	249,444,990	191,087,607	175,150,990	231,983,142	343,774,044	218,931,918	1,410,372,691
Cumulative payments to date	(238,193,255)	(184,984,676)	(161,566,781)	(211,306,852)	(299,892,052)	(163,882,151)	(1,259,825,767)
Total cumulative claims recognized in the consolidated statement of financial position as of 31 December 2024	11,251,735	6,102,931	13,584,209	20,676,290	43,881,992	55,049,767	150,546,924

37. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

Claim Development Table (continued)

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	18,724,345	26,412,934	18,957,925	17,030,522	25,138,170	65,469,560	171,733,456

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:

	2024	2023
Credit risk exposure by financial assets type:		
Cash at bank	503,986,058	477,707,483
Investment securities	107,661,628	71,595,998
Contributions receivable	136,264,973	132,268,550
Brokers and other receivables	1,186,674	1,026,883
Due from reinsurers	104,050,009	68,843,132
	<u>853,149,342</u>	<u>751,442,046</u>

37. Financial instruments and risk management (continued)

Capital management framework (continued)

Credit risk (continued)

Age analysis of financial assets

31 December 2024	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)	8,649,139	7,633,440	48,520,132	40,401,538	31,060,724	136,264,973
Brokers and other receivables (Note 13)	251,104	151,764	126,501	65,577	591,728	1,186,674
Due from reinsurers	2,209,009	15,094,175	40,478,888	37,551,808	8,716,129	104,050,009
Total	11,109,252	22,879,379	89,125,521	78,018,923	40,368,581	241,501,656

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

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

Contributions receivable

	31 December 2024		
	Default rate (1)	Gross carrying amount	Lifetime ECLs
Past due:			
0 – 60 days	12%	8,649,139	1,032,657
61 – 90 days	13%	7,633,440	1,017,950
91 – 180 days	18%	48,520,132	8,643,721
181 – 365 days	30%	40,401,538	11,984,684
More than 365 days	39%	31,060,724	12,048,496
		136,264,973	34,727,508

	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

37. Financial instruments and risk management (continued)**Capital management framework (continued)****Credit risk (continued)***Brokers and other receivables*

	31 December 2024		
	Default rate (1)	Gross carrying amount	Lifetime ECLs
Past due:			
0 – 60 days	29%	251,104	72,282
61 – 90 days	44%	151,764	67,180
91 – 180 days	61%	126,501	77,668
181 – 365 days	73%	65,577	48,126
More than 365 days	77%	591,728	453,657
		1,186,674	718,913
	31 December 2023		
	Default rate (1)	Gross carrying amount	Lifetime ECLs
Past due:			
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

- 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.

	2024	2023
Due from retakaful with credit rating in the series of 'A'	76,445,520	47,549,460
Due from retakaful with credit rating in the series of 'B'	27,604,489	21,293,672
Due from retakaful with credit rating in the series of 'C' and non-rated	-	-
Due from retakaful – gross	104,050,009	68,843,132
Less: Expected credit loss on retakaful	(1,715,126)	(1,715,126)
Due from retakaful – net	102,334,883	67,128,006

*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:

	2024	2023
Credit ratings		
A1	58,430,529	52,667,772
A2	333,770,131	425,039,711
A3	86,785,398	-
AA-	25,000,000	-
	503,986,058	477,707,483

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 2024	Up to a year	1 to 5 years	Total
Financial assets			
Contributions receivable	136,264,973	-	136,264,973
Retakaful contract assets	190,025,056	-	190,025,056
Due from retakaful	75,590,402	26,744,481	102,334,883
Cash and bank balances	504,548,074	-	504,548,074
Total	906,428,505	26,744,481	933,172,986
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

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

31 December 2024	Up to a year	1 to 5 years	Total
<i>Financial liabilities</i>			
Due to retakaful	57,510,989	-	57,510,989
Takaful contract liabilities	485,323,869	-	485,323,869
Payables and other liabilities	115,061,907	-	115,061,907
Ijarah liabilities	464,438	-	464,438
Total	658,361,203	-	658,361,203
31 December 2023	Up to a year	1 to 5 years	Total
<i>Financial liabilities</i>			
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

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)	
	2024	2023
Cash flow sensitivity	3,652,626	3,880,770

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.

	Changes in equity prices	Effect on equity	Effect on profit
2024			
Investments at fair value through equity	<u>±5%</u>	<u>2,981,826</u>	<u>-</u>
2023			
Investments at fair value through equity	<u>±5%</u>	<u>2,937,115</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)**

	2024	2023
Eligible capital	<u>524,045,851</u>	<u>594,327,773</u>
Minimum capital requirement	<u>219,042,198</u>	<u>223,687,872</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. Reclassification of comparative amount

Certain comparative figures have been reclassified to conform to the presentation in the current year's consolidated financial statements. However, such reclassifications did not have any effect on the net profit and equity of the comparative years.

40. Subsequent events

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