Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)

Consolidated financial statements
For the year ended 31 December 2023

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)
Consolidated financial statements

For the year ended 31 December 2023
Table of contents

AMAN

رقم القيد في سجل شركات التأمين: 70 بتاريخ 16/9/2003
Register of Insurance Companies entry: 70 dated 16/9/2003
Commercial License No. 543043 :رخصه تجارية رقم

Board of Directors' report

The Board of Directors have the pleasure in submitting their report and the consolidated financial statements for the year ended 31 December 2023.

Incorporation and registered offices

Dubai Islamic Insurance & Reinsurance Company (Aman) (P.J.S.C) (the "Company") is registered as a public shareholding company in Dubai, United Arab Emirates. The Company is involved in carrying out general Takaful (insurance) business in accordance with the principles of Islamic Sharia'a as interpreted by its Fatwa and Sharia Board. The Company is also licensed to engage in Retakaful and life Takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates. The Company and its subsidiaries are referred to as the "Group".

Principal activities

The Group issues Takaful contracts in connection with motor, marine, fire, engineering, general accident risks, group life, credit life, individual life, and medical risks. However, the Group is in the process of selling its takaful sector, following which it will change its activity and transform into an investment Group.

Financial position and results

The financial position and results of the Group for the year ended 31 December 2023 are set out in the accompanying consolidated financial statements.

Directors

The following were the Directors of the Group for the year ended 31 December 2023:

– Dr. Saleh Hashem Sayed Al Hashimi	Chairman
– Mr. Mohammed Ahmed Abdulla Mohammed Al Malik	Vice Chairman
– Mr. Nasser Al-Falah Al Qahtani	Member
– Ms. Maha Khadem Khalfan Khadem Al Mheiri	Member
– Mr. Omran Mohammed Saleh Mahmood Husain Al Khoori	Member

Auditors

Grant Thornton UAE was the appointed auditor of the Group for the year ended 31 December 2023 and being eligible, have offered themselves for re-appointment for the year ending 31 December 2024.

The consolidated financial statements for the year ended 31 December 2023 were approved on 30 March 2024 and signed by order of the Board of Directors

Dr. Saleh Hashem Sayed Al Hashimi

Grant Thornton Audit and Accounting Limited – Abu Dhabi

Office 1101, 11th Floor
Al Kamala Tower
Zayed the 1st Street
Khalidiya
Abu Dhabi, UAE

T +971 2 666 9750
www.grantthornton.ae

Independent Auditors' Report

To The Shareholders of Dubai Islamic Insurance & Reinsurance Company (Aman) PJSC

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Dubai Islamic Insurance & Reinsurance Company (AMAN) PJSC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

The Group has not adopted the International Financial Reporting Standard (IFRS) 17, "*Insurance Contracts*", which became effective for annual periods beginning on or after 1 January 2023 for the preparation of these consolidated financial statements. As stated in Note 7.2 to the consolidated financial statements, the Group has not implemented the provisions of IFRS 17 on the takaful portfolio classified as held for sale – discontinued operations in these consolidated financial statements due to the shareholders' decision to exit and sell the entire insurance portfolios. However, the Group has performed a financial impact assessment on IFRS 17 and elected not to adopt the impact on the consolidated financial statements and continue to apply the provisions of IFRS 4, "*Insurance Contracts*". Had the Group adopted IFRS 17, total assets and total liabilities would have decreased by AED 27.2 million and AED 31.5 million, in addition, the net profit for the year would have increased by AED 9.9 million respectively, further, due to the retrospective adoption requirement of IFRS 17 comparative figures of total assets, total liabilities and net loss for the prior year would have decreased by AED 64.6 million, AED 58.9 million and AED 5.6 million respectively.

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

Grant Thornton

Independent Auditors' Report

To The Shareholders of Dubai Islamic Insurance & Reinsurance Company (Aman) PJSC (continued)

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to the consolidated financial statements, which states that as of that date, the accumulated losses have reached AED 143 million, which represents 63% of the share capital of the Group. Further, as disclosed in note 25 to the consolidated financial statements, the Group did not meet the Solvency requirements as stipulated by the Central Bank of U.A.E. by an amount of AED 57.9 million as of 31 December 2023. The Group's ability to continue as a going concern depends on the successful execution of the proposed business plan, which states that the Shareholders of the Group have approved the exit of all takaful operations and the change of the status of the Group from a takaful operator to an investment Group. These factors, along with other matters set forth in Note 1.1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to notes 1 and 7.1 to the consolidated financial statements, which discloses information on assets that are held by a related party for the beneficial interest of the Group. Our review report is not modified in respect of this matter.

Further, we draw attention to Note 7.2 to the consolidated financial statements, which states that the entire Takaful operations have been classified as held for sale according to the requirements of IFRS 5 "*Discontinued Operations and Assets Held for Sale*", based on the Shareholders' special resolution issued on 6 February 2023 to approve the board of directors' decision for the Group to exit and sell its entire insurance portfolio, and authorizing the Group's Board of Directors to complete all procedures with authorities and policyholders to exit the insurance business and transform the Group's activities into an investment Group, our opinion is not modified in respect of this matter.

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 year. 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. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Grant Thornton

Independent Auditors' Report

To The Shareholders of Dubai Islamic Insurance & Reinsurance Company (Aman) PJSC (continued)

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

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
Valuation of investment property	
As at 31 December 2023, the Group's has an investment property recorded at AED 57.9 million and the net fair value gain recorded in the consolidated statement of profit or loss amounted to AED 7.9 million. The Group measures its investment property at fair value and engages external valuers to determine the fair value of it. The determination of the fair value of the investment property is performed using the market value approach of valuation. The valuation of the investment property involves significant estimation uncertainty and is based on a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value could lead to a material misstatement in the consolidated financial statements. We have identified the valuation of investment property as a key audit matter as the fair value requires management to make significant estimates and judgements in determining the fair value of investment property. Refer to note 9 for disclosures relating to this matter.	The work that we preformed to address this key audit matter included the following procedures: • We evaluated the design and implementation of controls in this area; • We assessed the valuers competence and capabilities and read their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes; • We agreed the total valuation in the reports of third-party valuers to the amount reported in the consolidated statement of financial position; • In conjunction with involving our real estate valuation expert, we assessed the appropriateness of the key assumptions and valuation methodology adopted by management in accordance with the requirements of IFRS; • We reperformed the arithmetical accuracy of the determination of net fair value gain; and • We assessed the disclosures made in relation to this matter to determine if they were in accordance with the requirements of IFRS.

Independent Auditors' Report

To The Shareholders of Dubai Islamic Insurance & Reinsurance Company (Aman) PJSC (continued)

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

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
Valuation of takaful contract liabilities and retakaful contract assets	
As at 31 December 2023, takaful contract liabilities and retakaful contract assets amounted to AED 843 million and AED 103 million respectively. We focused on these balances because of the complexity involved in the estimation process, and the significant judgements that management and the directors make in determining the appropriateness and adequacy of the liability. The liabilities which include claims reported and not settled and incurred but not reported are based on a best estimate of the ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. A range of methods may be used to determine these reserves. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Retakaful assets are recognised when the related gross takaful liability is recognised according to the terms of the relevant retakaful contracts and their recoverability is subject to the probability of default and probable losses in the event of default by respective retakaful counterparties. Note 7.3 to these consolidated financial statements describes the elements that make up the takaful contract liabilities and retakaful contract assets.	The work that we preformed to address this key audit matter included the following procedures: • Understood the governance process in place to determine the takaful contract liabilities and retakaful contract assets; • We tested samples of claims reserves and the respective share of retakaful assets, through comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss adjusters and where relevant inspection of the Group's correspondence with lawyers and reinsurers where the claim are under investigation; • We checked management's reconciliation of the underlying group data recorded in the policy administration systems with the data used in the actuarial reserving calculations; • We tied the takaful contract liabilities and retakaful assets as recommended by the Group's actuary to the liabilities and assets in the consolidated financial statements; • Evaluated competence, capabilities and objectivity of management's actuarial specialist; • We involved our actuarial specialist team members, to apply industry knowledge and experience and in conjunction with our actuary, we compared the methodology, models and assumptions used against recognised actuarial practices; and • We obtained the retakaful treaty summary for the year and verified the details in the summary to the respective agreements.

Independent Auditors' Report
To The Shareholders of Dubai Islamic Insurance & Reinsurance Company (Aman) PJSC (continued)

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

Key audit matters (continued)

Key Audit Matter	How our audit Addressed the Key Audit Matter
Valuation of disposal groups held for sale and discontinued operations - takaful operations	
On 6 February 2023, the Shareholders issued a special resolution approving the board of directors' decision to exit and sell the entire takaful portfolio to third parties and authorizing the Group's board of directors to complete all procedures with authorities and the policyholders to exit takaful business and transform the Group into an investment group. Accordingly, the takaful portfolio has been classified as a disposal group and recorded at the lower of its carrying amount and the fair value less cost to sell. Due to the significant carrying amounts of the assets and liabilities associated with the takaful operations and the judgement associated with allocating the amounts between the shareholders and policyholders as well as the judgement used for classifying the takaful operations to be held for sale, we considered this to be a key audit matter. Refer to Note 7.2	The work that we performed to address this key audit matter included the following procedures: • We evaluated the design and implementation of the relevant controls involving discontinued operations; • obtained the signed contracts with the buyers; • challenged the management's judgement on the classification of the takaful operations as a disposal group as held-for sale through understanding the status of the sales process, expected dates of transfer, and reviewing correspondence from the buyers; • challenging management's assumptions used as the basis for allocating the assets and liabilities between continued and discontinued operations and reconciling them to the underlying accounting records; and • We assessed the disclosures made in relation to this matter to determine if they were in accordance with the requirements of IFRS.

Other matter

The consolidated financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unqualified opinion on those statements on 31 March 2023.

Other information

Management and Board of Directors is responsible for the other information contained in the consolidated financial statements which comprises the information included in the *Board of Directors' Report* but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and accordingly, we do not express any form of assurance conclusion thereon.

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

Independent Auditors' Report

To The Shareholders of Dubai Islamic Insurance & Reinsurance Company (Aman) PJSC (continued)

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021, and UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

Grant Thornton

Independent Auditors' Report

To The Shareholders of Dubai Islamic Insurance & Reinsurance Company (Aman) PJSC (continued)

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditors' Report

To The Shareholders of Dubai Islamic Insurance & Reinsurance Company (Aman) PJSC (continued)

Report on other legal and regulatory requirements

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

(i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

(ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;

(iii) the Group has maintained proper books of account;

(iv) the financial information included in the *Board of Directors' Report*, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

(v) investments in shares and stocks during the year ended 31 December 2023, are disclosed in note 8 to these consolidated financial statements;

(vi) note 23 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

(vii) note 1 to the consolidated financial statements discloses that the Group's management is currently in the process of amending the statutory documents, to reflect the changes required due to the application of the UAE Federal law No. (32) of 2021;

(viii) based on the information that has been made available to us, except for item (vii) mentioned above, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the Federal Law No. 32 of 2021, or in respect of the Company, its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2023; and

(ix) the Group did not make any social contributions made during the financial year ended 31 December 2023;

Further, as required by the UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended), we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

Grant Thornton

GRANT THORNTON UAE

Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
17 April 2024

Consolidated statement of financial position
As at 31 December 2023

	Notes	31 December 2023 AED	*(Restated)* 31 December 2022 AED
ASSETS			
Property and equipment	12	**64,982**	150,018
Financial assets carried at fair value through other comprehensive income (FVOCI)	8	**28,551,222**	31,384,607
Financial assets carried at fair value through profit or loss (FVTPL)	8	**21,269,687**	82,679
Investment properties	9	**47,070,029**	40,647,694
Statutory deposit	6	**10,000,000**	10,000,000
Prepayments and other receivables	11	**31,756,968**	49,269,088
Deferred policy acquisition costs		**589,103**	8,698,704
Assets under discontinued operations - subsidiaries	7.1	**1,583,321**	1,583,321
Assets classified as held for sale - takaful operations	7.2	**910,091,831**	1,154,180,724
Cash and cash equivalents	5	**49,147,395**	76,163,974
TOTAL ASSETS		**1,100,124,538**	1,372,160,809
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	15	**225,750,000**	225,750,000
Legal reserve	16.1	**6,420,521**	6,309,669
General reserve	16.2	**6,420,521**	6,309,669
Accumulated losses		**(143,212,289)**	(146,704,914)
Investments revaluation reserve – FVOCI	7.4	**(18,853,358)**	(13,151,220)
Equity attributable to the shareholders of the Company		**76,525,395**	78,513,204
Non-controlling interests		**(1,325,973)**	(1,325,973)
TOTAL EQUITY		**75,199,422**	77,187,231
LIABILITIES			
Provision for employees' end of service benefits	13	**2,313,166**	5,456,780
Trade and other payables	10	**43,388,320**	23,638,479
Due to policyholders		**56,184,443**	98,750,239
Liabilities directly associated with assets under discontinued operations - subsidiaries	7.1	**12,947,356**	12,947,356
Liabilities directly associated with assets classified as held for sale - takaful operations	7.2	**910,091,831**	1,154,180,724
TOTAL LIABILITIES		**1,024,925,116**	1,294,973,578
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,100,124,538**	1,372,160,809

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial condition, results of operations and cash flows of the Group as at, and for the year ended 31 December 2023. The consolidated financial statements were approved by the Board of Directors on 30 March 2024 and signed on their behalf by:

Rached Diab
Chief Executive Officer

Dr. Saleh Hashem Sayed Al Hashimi
Chairman of the Board of Directors

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
For the year ended 31 December 2023

	Notes	**2023 AED**	(Restated) 2022 AED
Attributable to Policyholders			
Discontinued operations			
Profit/(loss) from discontinued operations - takaful operation	7.2	**4,519,319**	(4,248,933)
Attributable to Shareholders			
Income			
Investment (expenses)/income, net	18	**(3,037,279)**	969,727
Wakala fees from policyholders	17	**7,148,246**	67,569,542
Mudarib's share from policyholders	17	**391,234**	-
Other income		**4,541,742**	7,747,892
		9,043,943	76,287,161
Expenses			
Policy acquisition cost		**(12,519,505)**	(28,613,645)
General and administrative expenses	19	**(15,064,705)**	(27,219,787)
Recovery /(provision) against Qard Hassan to policyholders	29	**19,648,788**	(30,576,654)
Total expenses		**(7,935,422)**	(86,410,086)
Profit for the year from continuing operations		**1,108,521**	(10,122,925)
Profit from discontinued operations		-	(38,831)
Profit/(loss) for the year		**1,108,521**	(10,161,756)
Attributable to:			
Shareholders of the Company		**1,108,521**	(10,162,873)
Non-controlling interests		**-**	1,117
		1,108,521	(10,161,756)
Earnings/(loss) per share – continuing operations	20	**0.005**	(0.045)

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income
For the year ended 31 December 2023

	2023 AED	(Restated) 2022 AED
Profit/(loss) for the year	**1,108,521**	(10,161,756)
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to profit or loss:		
Transfer of realised gain on sale of financial assets carried at fair value through other comprehensive income	**(3,010,494)**	-
Changes in fair value of financial assets carried at fair value through other comprehensive income	**(2,691,644)**	1,008,726
Other comprehensive (loss)/income for the year	**(5,702,138)**	1,008,726
Total comprehensive loss for the year	**(4,593,617)**	(9,153,030)
Attributable to:		
Shareholders of the Company	**(4,593,617)**	(9,154,147)
Non-controlling interests	**-**	1,117
	(4,593,617)	(9,153,030)

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

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

	Share capital AED	Legal reserve AED	General reserve AED	Accumulated losses AED	Investments revaluation reserve – FVOCI AED	Equity attributable to shareholders of the Company AED	Non-controlling interests AED	Total equity AED
Balance at 1 January 2022- restated	225,750,000	6,309,669	6,309,669	(78,961,422)	(71,260,567)	88,147,349	(1,327,090)	86,820,259
Profit for the year	-	-	-	(10,162,873)	-	(10,162,873)	1,117	(10,161,756)
Other comprehensive income for the year	-	-	-		1,008,726	1,008,726		1,008,726
Total comprehensive (loss)/income for the year	-	-	-	(10,162,873)	1,008,726	(9,154,147)	1,117	(9,153,030)
Transfer of realised loss from fair value reserve to accumulated losses on disposal of investments carried at FVTOCI	-	-	-	(57,100,621)	57,100,621	-	-	-
Zakat	-	-	-	(479,998)		(479,998)	-	(479,998)
Balance at 31 December 2022- restated	225,750,000	6,309,669	6,309,669	(146,704,914)	(13,151,220)	78,513,204	(1,325,973)	77,187,231
Balance at 1 January 2023 - restated	**225,750,000**	**6,309,669**	**6,309,669**	**(146,704,914)**	**(13,151,220)**	**78,513,204**	**(1,325,973)**	**77,187,231**
Profit for the year	**-**	**-**	**-**	**1,108,521**	**-**	**1,108,521**	**-**	**1,108,521**
Other comprehensive loss for the year	**-**	**-**	**-**	**-**	**(2,691,644)**	**(2,691,644)**	**-**	**(2,691,644)**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**1,108,521**	**(2,691,644)**	**(1,583,123)**	**-**	**(1,583,123)**
Transfer of realised gain from fair value reserve to accumulated losses on disposal of investments carried at FVTOCI	**-**	**-**	**-**	**3,010,494**	**(3,010,494)**	**-**	**-**	**-**
Zakat	**-**	**-**	**-**	**(404,686)**	**-**	**(404,686)**	**-**	**(404,686)**
Transfer to statutory and general reserves	**-**	**110,852**	**110,852**	**(221,704)**	**-**	**-**	**-**	**-**
Balance at 31 December 2023	**225,750,000**	**6,420,521**	**6,420,521**	**(143,212,289)**	**(18,853,358)**	**76,525,395**	**(1,325,973)**	**75,199,422**

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

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

	2023	(Restated) 2022
OPERATING ACTIVITIES		
Profit/(loss) for the year	**1,108,521**	(10,161,756)
Adjustments for:		
Depreciation of property and equipment	**80,663**	120,095
Unrealised gain on financial assets carried at fair value through profit	**12,051,505**	(4,898,203)
(Gain)/ loss on revaluation of investment property	**(6,422,365)**	5,606,562
Provision for employees' end of service benefits	**612,773**	1,177,256
Income from wakala deposits with banks	**(169,793)**	(77,795)
Rental income	**-**	(467,924)
Dividend income	**(269,899)**	(1,667,463)
Operating cashflows before working capital changes:	**6,991,405**	(10,369,228)
Working capital changes:		
Change in prepayments and other receivables	**17,512,120**	(19,916,484)
Change in trade and other payables	**19,749,841**	24,572,678
Change in deferred policy acquisition costs	**8,109,601**	(694,714)
Cash generated from/ (used in) operations	**52,362,967**	(6,407,748)
Employees' end of service benefits paid	**(3,756,387)**	(1,919,909)
Net cash generated from/ (used in) operating activities	**48,606,580**	(8,327,657)
INVESTING ACTIVITIES		
Purchase of property and equipment	**-**	(32,690)
Investment in wakala deposits with banks with original maturity of	**-**	10,000,000
Purchase of financial assets carried at fair value through other comprehensive income (FVOCI)	**(187,963,797)**	(41,910,827)
Disposal proceeds from financial assets carried at fair value through other	**188,105,538**	51,485,292
Purchase of financial assets carried at FVTPL	**(50,564,323)**	(10,015,750)
Disposal proceeds from financial assets measured at FVTPL	**17,325,810**	83,278,090
Profit income received	**169,793**	77,795
Dividend income received	**269,899**	1,667,463
Net change in discontinued operations- takaful operations	**(91,591,316)**	(25,910,856)
Net cash (used in)/generated from investing activities	**(124,248,396**	68,638,517
FINANCING ACTIVITIES		
Murabaha payable	**-**	(15,228,543)
Zakat paid	**(450,000)**	(295,000)
Net cash used in financing activities	**(450,000)**	(15,523,543)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(76,091,816)**	44,787,317
Cash and cash equivalents at the beginning of the year	**133,853,037**	89,065,720
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 5)	**57,761,221**	133,853,037

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

1 General information

Dubai Islamic Insurance & Reinsurance Company (Aman) (P.J.S.C.) (the "Company") is registered as a public shareholding company in Dubai, United Arab Emirates. The Company carries out general takaful, retakaful and life takaful business in accordance with the teachings of Islamic Sharia'a. The Company is also licensed to engage in retakaful and life takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates (UAE) and operates through its branches in Dubai, Abu Dhabi and Sharjah. The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates.

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003. The Company issues short-term takaful contracts in connection with motor, marine, fire and engineering, general accident and medical risks and life takaful risks. The Company also invests in investment securities and properties. However, The Group's activities are subject to a major change, refer to note 1.1.

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

The Company was initially registered in compliance with relevant UAE Federal Law No. (2) of 2015, as amended. As of 2 January 2022, the Company is subject to compliance with UAE Federal Law No. (32) of 2021, which replaces UAE Federal Law No. (2) of 2015, as amended. The consolidated financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021. The Group's management is currently in the process of amending the statutory documents, to reflect the changes required due to application of the UAE Federal law No. (32) of 2021.

During the year, Federal Law No. 48 of 2023 has been issued with effective date of 30 November 2023, repealing Federal Law No. 6 of 2007. In accordance with Article 112 of the Federal Law No. 48 of 2023, the Group has 6 months from this date to apply the provisions of the new Law. The Group is in the process of reviewing the new provisions and will apply the requirements thereof in the required time.

The Company with its subsidiaries are together referred to as (the "Group") in these consolidated financial statements. At 31 December 2023 and 31 December 2022, the Company had the following subsidiaries:

Name of subsidiary	**Place of incorporation (or registration) and operation**	**Proportion of ownership profit**	**Proportion of voting power held**	**Principal activity**	**Status**
		%	%		
Nawat Investments L.L.C.	United Arab Emirates	100.00	100.00	Investment in commercial, industrial, and agricultural enterprises and management	Active
Technik Auto Service Centre Co. L.L.C	United Arab Emirates	100.00	100.00	Vehicles' repair services	Under liquidation
Amity Health L.L.C.	United Arab Emirates	90.00	90.00	Medical billing services	Under liquidation

1 General information (continued)

The Group neither made social contributions during the year ended 31 December 2023 nor 31 December 2022.

The ex-Vice Chairman of the Group holds 1% of Nawat Investments L.L.C. and 1% of Technik Auto Service Centre Co. L.L.C on behalf and for the benefit of the Group. The Group did not make social contributions during the year ended 31 December 2023.

Technik Auto Service Centre Co. L.L.C and Amity Health L.L.C are under liquidation, refer to Note 7.1.

1.1 Assessment of going concern assumption

As at 31 December 2023, the Group's accumulated losses amounted to AED 143 million, which represent 63% of the share capital of the Group. Further, and as stated in the note 25 to the consolidated financial statement, the Group did not meet the Solvency Requirements as stipulated by the Central Bank of U.A.E. by an amount of AED 57.9 million as of 31 December 2023. To address the solvency deficit, the Group's management initially submitted a recovery plan to the Central Bank of United Arab Emirates ("CBUAE") which involved a substantial capital injection by means of a rights issue; however, the plan was subsequently changed, because it was envisaged that shareholders are unlikely to support a capital injection in the prevailing economic and financial circumstances. The new plan, which is subject to the regulatory approval, envisages selling the portfolios of the takaful business to other takaful companies and, aided partly by the proceeds resulting the sale of the takaful portfolios and partly by other assets, generating enough capital to transform the company into a viable investment firm to safeguard and preserve shareholders' value. The Group has informed the CBUAE of its revised plans and received (in-principle/ no-objection letter) approval to proceed with the above sale negotiations.

During the General Assembly meeting held on 6 February 2023, the shareholders issued a special resolution approving the board of directors' decision to exit and sell all the entire takaful portfolio and authorising the Group's board of directors to complete all procedures with authorities and policyholders to exit takaful business and transform the Group into an investment group. As a result, the Group signed two portfolio transfer agreements (PTA) with Islamic Arab Insurance Co. to transfer the general, medical, and family takaful portfolio and with Abu Dhabi National Takaful Co. to transfer the individual life portfolio, refer to note 7.2. However, management believes that the transfer is expected to be completed early during 2024 and that the proceeds resulted from the execution of these agreements are expected to improve the Group's liquidity and generate enough capital to transform the Company into a viable investment firm to safeguard and preserve shareholders' value.

Based on the Group's expectation related to the forecasts and business plan in place, management believe that the Group will be able to operate and comply with the solvency requirements and to meet its obligations as they fall due.

Until binding terms for selling its takaful business are agreed and all regulatory and other approvals are received, the Group will continue to operate as going concern basis for at least 12 months from the date of approval of these consolidated financial statements and accordingly these consolidated financial statements have been prepared on a going concern basis.

Further, the accumulated losses as at 31 December 2023 exceeded 50% of the share capital of the Group, and as per UAE Federal Law No. (32) of 2021 article 309, the Board of Directors should invite the General Assembly to convene within (30) thirty days from the date of the invitation to consider making a decision as regards the Group's continuation of its activity or dissolution prior to the expiry of its term. As a result, during the General Assembly meeting held on 5 May 2023, the shareholders issued a special resolution approving the continuity of the Groups' operations.

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by International Accounting Standard Board (IASB) and interpretations thereof issued by the IFRS Interpretations Committee ("IFRS IC") and in compliance with the applicable requirements of the United Arab Emirates (UAE) Federal Decree Law No. 32 of 2021 ("Companies Law"), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Insurance Law issued by the Central Bank of the UAE ("CBUAE") and regulation of its operations.

2.2 Basis of measurement

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

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

At the end of each reporting date, the provision for employees' end of service indemnity which is calculated in line with UAE labour laws.

The Group's consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, prepayments and other receivables and deferred policy acquisition costs, accruals and other payables, due to policy holders. The following balances would generally be classified as non-current: property and equipment, investment properties, statutory deposit and provision for employees' end of service. The following balances are of mixed nature (including both current and non-current portions): investments at fair value through other comprehensive income, investments carried at fair value through profit or loss, assets and liabilities directly associated with assets under discontinued operations and assets and liabilities directly associated with assets classified as held for sale - takaful operations.

2.3 Functional and reporting currency

The consolidated financial statements are presented in UAE Dirhams (AED) being the functional and presentation currency of the Group. All the financial information has been presented in these consolidated financial statements has been rounded off to nearest dirham except where otherwise indicated.

2.4 Basis of presentation

The Group presents its consolidated statement of financial position in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within 12 months after the consolidated statement of financial position date (current) and more than 12 months after the consolidated statement of financial position date (non-current) is presented in note 27.

2 Basis of preparation (continued)

2.5 Basis of consolidation

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

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

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

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

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

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

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

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

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

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

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

2 Basis of preparation (continued)

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

2.1 Standards, interpretations and amendments to existing standards that are effective in 2023

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

Standard number	Title	Effective date
IAS 1	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IAS 8	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction – Amendments to IAS 12	1 January 2023
IFRS 17	Insurance Contracts *	1 January 2023

* These amendments do not have a significant impact on the consolidated financial statements and therefore the disclosures have not been made for. Except for IFRS 17, as the Group has performed a financial impact assessment but management opted not to record the impact and continue with the provisions of IFRS 4, refer to note 7.2.

2.2 Amendment to standards and interpretations issued but not yet effective

The new standards and revised IFRSs not yet effective and have not been adopted early by the Group include:

Standard number	Title	Effective date
IAS 1	-Non-current Liabilities with Covenants -Classification of Liabilities as Current or Non-current	1 January 2024
IFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
IFRS 10 and IAS 28	Sale or Contribution of Assets between Investor and its Associate or Joint Venture	Available for optional adoption/effective date deferred indefinitely

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. Management is currently assessing the impact of the above standards.

3 Material accounting policy information

Product classification

Takaful contracts are those contracts where a group of participants (the policyholders) mutually cover one another against prescribed uncertain future events of loss or damage. The Group acts as an agent (Wakil) on their behalf in managing the Islamic Takaful operations, in consideration of a Wakala fee. Wakala fee is charged on gross Takaful contributions where the Group retained significant risk on such contributions. No Wakala fee is charged on those Takaful contributions where they retain insignificant risk. The Takaful amounts (contributions) paid net of the Wakala fee are considered as Mudaraba capital, where the Group acts as Mudarib, investing these funds in consideration of a pre-agreed share of the realised profit or loss, if any. The policyholders further donate their contributions (tabarru) to those other policyholders who suffer a prescribed event of loss or damage, payable per the policies of the Group, in its capacity as an agent.

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable provided in case of a non-financial variable, that the variable is not specific to a party to the contract.

Once a contract has been classified as a Takaful contract, it remains as a Takaful contract for the remainder of its lifetime, even if the Takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. An investment contract can however be classified as a takaful contract after its inception if the takaful risk becomes significant. The policyholder bears the financial risk relating to some takaful contracts or investment contracts. Such products are usually called unit-linked contracts.

Gross takaful contributions

Gross takaful contributions comprise the total contributions receivable for the whole period of cover provided by Takaful contracts entered into during the accounting period and are recognised on the date on which the Takaful policy incepts. Contributions include any adjustments arising in the accounting period for contributions receivable in respect of Takaful contracts executed in prior accounting periods. Contributions collected by intermediaries but not yet received, are assessed based on estimates from Takaful operations or past experience and are included in Takaful contributions.

Unearned contributions are those proportions of contributions written in a year that relate to periods of risk after the reporting date. The proportion attributable to subsequent periods is deferred as a provision for unearned contributions.

Claims

Claims consist of amounts paid and payable to Takaful contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to income as incurred. Provision for incurred but not reported claims is included within the Claims reported unsettled and reflected in the consolidated income statement. The Group generally estimates its claims based on previous experience. Independent loss adjusters normally estimate claims. Any difference between the provisions at the end of each reporting date and settlements in the following period is included in the underwriting account for that period.

3 Material accounting policy information (continued)

Retakaful

The Group cedes Takaful risk in the normal course of business for all of its businesses. Retakaful 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 contracts.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the Retakaful can be measured reliably. The impairment loss is recorded in the consolidated statement of profit or loss. Ceded Retakaful arrangements do not relieve the Group from its obligations to policyholders.

Ceded retakaful arrangements do not relieve the Group from its obligations to participants.

The Group also assumes reinsurance risk in the normal course of business for takaful contracts where applicable. Contributions and claims on assumed retakaful are recognised 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 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.

Gross retakaful contribution written comprise the total contribution payable for the whole cover provided by contracts entered into during the period and are recognised on the inception date of the policy. Contributions include any adjustments arising in the accounting period in respect of retakaful contracts incepting in prior accounting periods. Unearned retakaful contributions are those proportions of contribution written in a year that relate to periods of risk after the reporting date.

Unearned retakaful contributions are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the retakaful contract for losses occurring contracts. Gross retakaful contribution on life are recognised as an expense on the earlier of the date when contribution are payable or when the policy becomes effective.

Retakaful share of claims are recognised when the related gross claim is recognised according to the terms of the relevant contract. Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Policy acquisition costs

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are amortized over the terms of the policies as Takaful contribution is earned.

Discounts earned

Discounts earned are recognised at the time policies are written. Discount earned on outwards retakaful contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

Receivables and payables related to Takaful and Retakaful contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and Takaful contract holders. If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the Takaful receivable accordingly and recognizes that impairment loss in the consolidated statement of income.

3 Material accounting policy information (continued)

Takaful contract liabilities (continued)

Unearned contributions reserve ('UCR')

At the end of each year a proportion of net retained contributions of the general Takaful, medical and group life Takaful is reserved to cover portions of risks which have not expired at the reporting date. These reserves are calculated using 1/365th method relating to general Takaful except marine cargo and engineering. The UCR for the marine cargo is recognised as fixed proportion of written premium and UCR for engineering is recognized on a daily increasing basis over the term of the policy period.

Claims reported unsettled

Takaful contract liabilities are recognised when contracts are entered into and contributions are charged. These liabilities are known as claims reported unsettled, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, after reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims; therefore the ultimate cost of claims cannot be known with certainty at the reporting date. The liability is not discounted for the time value of money. No provision for equalisation or catastrophic reserves is recognised. The liability is derecognised when the contract expires, is discharged or is cancelled.

Claims incurred but not reported

A provision is made for the estimated excess of potential claims over unearned contribution and for claims incurred but not reported at the financial position date using chain ladder method (2018: chain ladder method). The reserves represent management's best estimates on the basis of:

(a) claims reported during the year
(b) delay in reporting these claims

Unit linked liabilities

For unit linked policies, liability is equal to the policy account values. The account value is the number of units multiplied by the bid price per unit. The investment component of these takaful contracts are designated as at fair value through profit or loss.

Unexpired risk reserve

Provision is made for unexpired risk reserve arising from general takaful contract where the expected value of claim and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned contribution reserve and already recorded claim liabilities in relation to such policies .The provision for unexpired risk reserve is calculated by reference to classes of business, which are managed together, after taking into account the future investment return on investment held to back the Unearned contributions reserve and claims reported unsettled.

Mathematical reserve

The mathematical reserve is determined by independent actuarial valuation of future policy benefit at the end of each reporting period. Mortality and withdrawal rates used in actuarial valuation of Mathematical reserve are based on experience and the most current industry standard mortality table.

3 Material accounting policy information (continued)

Takaful contract liabilities (continued

Salvage and subrogation reimbursements

Some takaful contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the takaful contract liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in the measurement of the takaful contract liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Deferred policy acquisition costs (DAC)

Policy acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses, when incurred. The DAC is subsequently amortised, as per the below:

- For short term takaful contracts, DAC is amortised over the term of the policy as premium is earned;
- For long-term takaful contracts, DAC is amortised over a period of time, which is determined based on the expected life of the contract.

Liability adequacy test

At the end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities (net of related DAC). In performing these tests, current best estimates of future contractual cash flows and associated expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the consolidated income statement by establishing a provision for losses arising from liability adequacy tests.

3 Material accounting policy information (continued)

Surplus / deficit in policyholders' fund

If the surplus in the participants' fund at the end of a year is sufficiently large, a percentage of the surplus shall be distributed between participants that have not made a claim, in proportion to their risk contributions to the fund after accounting for reserves. The distributions will be approved by the Group's Shari'a Supervisory Board. Any remaining surplus after the distribution will remain in the participants' fund.

Any surplus in the participants' fund outstanding as of year-end and not distributed is recognized as a liability in the consolidated statement of financial position.

A deficiency in participants' fund is made good by a profit free loan (Qard Hassan) from the shareholders' fund. This loan is to be repaid from future surpluses arising from takaful operations on a priority basis.

On liquidation of the fund, the accumulated surplus in the participants' fund, if any, after meeting all obligations (including repayment of the outstanding amount of profit free loan), will be dealt with after consulting with the Group's Sharia'a Supervisory Board. In case of an accumulated deficit, any profit free loan outstanding at the time of liquidation will not be repayable by the participants' fund and the shareholders' fund will forego such outstanding amount.

Any deficit in the participants' fund, except for deficits arising from a decline in the fair value of securities, is financed by the shareholders through a Qard Hassan (a finance cost free loan with no repayment terms). The Group maintains a full provision against the Qard Hassan.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the assets (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale is highly probable. Management be committed to sale, which should be expected to qualify for recognition as a completed sale within one year for the date of classification.

When the group is committed to a sale plan involving loss control of a subsidiary, all assets and liabilities of the subsidiaries and other assets are classified as held for sale when the criteria described above are met regardless of whether the Group will retain a non- controlling interest in its former subsidiary after sale.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell.

Leases

The Group does not have leases that should be accounted for in accordance with IFRS 16 since all the Group's leases are assessed as short-term in nature and the payments made under the leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease. The Group did not need to make any adjustments to the accounting for assets held as lessee as a result of adopting the new leasing standard due to the short-term nature of the lease contracts.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

3 Material accounting policy information (continued)

General and administration expenses

Administration expenses are charged to the shareholders' consolidated statement of income. Expenses related to participants are allocated to consolidated statement of income of participant's fund on the basis of guidelines issued by the Sharia'a and Supervisory board.

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.

Employee benefits

Defined contribution plan

U.A.E. National employees in the United Arab Emirates are members of the Government-managed retirement pension and social security benefit scheme established pursuant to U.A.E. Federal Labour Law No. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" to the retirement benefit scheme to fund the benefits. These employees are also required to contribute 5% of the "contribution calculation salary" to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to the consolidated statement of profit or loss.

Provision for employees' end of service indemnity

Provision is also made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the UAE Labour Law.

Financial instruments

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective profit rate is the rate that exactly discounts estimate future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

3 Material accounting policy information (continued)

Amortised cost and effective interest rate (continued)

The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate. When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement

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

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

Financial assets

(i) Classification and subsequent measurement

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

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

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depends on:

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

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

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

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding ("SPPI"), and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated income statement and recognised in "Investment income". Profit income from these financial assets is included in "Investment income" using the effective interest rate method.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in the consolidated statement of profit or loss and presented net within "Investment income – Net" in the period in which it arises. Interest income from these assets is included in "Interest income" using the effective interest rate method.

Business model

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

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

3 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Equity instruments

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

Impairment of financial assets

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

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

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

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

3 Material accounting policy information (continued)

Financial instrumrents (continued)

Financial assets (continued)

(ii) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(iii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective profit rate.

3 Material accounting policy information (continued)

Financial instruments (continued)

De-recognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Gains and losses on the disposal of investments are calculated as the difference between net sales proceeds and the carrying amount and are recorded on occurrence of the sale transaction.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired financial assets are derecognised when they are assessed as uncollectible.

Financial liabilities

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are subsequently measured at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in insurance and other payables are recognised initially at fair value and subsequently measured at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Offsetting

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are within the scope of IFRS 9 expected credit loss calculations for the assessment of impairment.

Wakala deposits with banks with original maturities of more than three months

Wakala deposits with banks with original maturities of more than three months are initially measured at fair value and subsequently measured at amortised cost. Deposits held with banks are within the scope of IFRS 9 expected credit loss calculation for the assessment of impairment. Profit from wakala deposits with banks is recognised on a time proportion basis using the effective profit method and is recognised within 'Investment income' in the consolidated income statement.

3 Material accounting policy information (continued)

Financial instruments (continued)

Investment properties

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

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

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

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

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

Property and equipment

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

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

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

Motor vehicles	4 years
Furniture and fixtures	4 years
Office equipment	4 years

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

3 Material accounting policy information (continued)

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, 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.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

3 Material accounting policy information (continued)

Foreign currencies

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences are recognized in consolidated statement of income the year in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to finance costs on foreign currency financings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Zakat

Zakat as approved by the Group's Sharia'a Supervisory Board is computed on the following basis:

- Zakat on shareholders' equity is deducted from retained earnings and is computed on their Zakat Pool (Legal Reserve, General Reserve, Retained Earnings and employees' end of service benefits).
- Zakat is distributed by a committee appointed by the Board of Directors and operating as per the by-law set by the Board.
- Zakat on paid up capital and proposed dividend is not included in the Zakat computation and is payable directly by the shareholders themselves.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

Dividend distribution

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

4 Significant management judgement in applying the material accounting policy information and estimation uncertainty

4.1 Significant management judgement in applying Material accounting policy information

In the application of the Group's significant material accounting policy information , which are described in note 3 to these consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value through other comprehensive income, fair value through profit or loss or amortised cost. In judging whether investments in securities are as at fair value through other comprehensive income, fair value through profit or loss or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 *Financial Instruments*. Management is satisfied that its investments in securities are appropriately classified.

Valuation of unquoted equity investments

Where the fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, management have determined it using internal valuation that includes the use of mathematical model. Management has used the comparable multiples method to determine the fair value of its financial assets; this method derives the value of the investments using the valuation multiples of other businesses similar in industry, sector and size; assuming that similar companies will have similar valuation multiples. A median of the identified valuation multiples for similar industry in various countries in the MENA was used. This median of multiples and the investment's earnings was used to determine the investment's value. Where actual costs related to performance under contracts differ significantly from management's estimates, the amount of revenue recognised on contracts to date could be materially impacted.

Determining the fair value of less cost to sell of the disposal group

Management has decided the fair value is same as the carrying values of the disposal group which are measured in accordance with IFRS 4 "*Insurance contracts*" due to the Group did not apply IFRS 17 "*Insurance contracts*", which is effective for annual periods starting on or after 1 January 2023 since the takaful operations are expected to be fully disposed within the year 2024, therefore there is no gain or loss is recognized due to the disposal group.

4 Significant management judgement in applying the material accounting policy information and estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty

Measurement of the expected credit loss ("ECL") allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring Expected Credit Loss (ECL) is further detailed in note 27B.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

A 10% increase or decrease in PD and LGD estimates at 31 December 2023 would result in an increase or decrease in total expected credit loss allowances on takaful receivables and balances with banks of AED 1,119,850 (2022: AED 1,032,927).

4 Significant management judgement in applying the material accounting policy information and estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

The ultimate liability arising from claims made under takaful contracts

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the reporting date. The liability for outstanding claims includes the cost of claims reported but yet to be paid, claims incurred but not reported ("IBNR"), and the estimated expenses to be incurred in settling claims.

The process of establishing liability estimates is subject to considerable variability as it requires the use of informed estimates and judgments. These estimates and judgments are based on numerous factors and may be revised as additional experience becomes available or as regulations change. The liability for outstanding claims is estimated using the input of assessment for individual cases reported to the Group as well as assessments performed by external loss adjustors where deemed necessary. Claims requiring court or arbitration decisions are estimated individually. The Group takes all reasonable steps to ensure that it has appropriate information regarding the risk of major storm, tempest and flood scenarios that exist in the UAE to estimate its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims, where more information about the claim event is available. Classes of business which have a longer reporting tail and where the IBNR proportion of the total reserve is therefore high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty in estimating these liabilities. For the short-tailed classes, claims are typically reported soon after the claim event, and tend to display less variation. In calculating the required levels of provisions, the Group's external independent actuary use a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience.

Provision for claims, whether reported or not

Considerable judgement by management is required in the estimation of amounts due to Takaful contract holders arising from claims made under Takaful contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possibly significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the financial position date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. 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 requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis.

4 Significant management judgement in applying the material accounting policy information and estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

The ultimate liability arising from claims made under takaful contracts (continued)

Mathematical reserve

Mortality and withdrawal rates used in actuarial valuation of mathematical reserve are based on experience and the most current industry standard mortality table as shown below.

Age	Mortality rate
19-30	0.53-0.44
31-40	0.46-0.89
41-50	0.96-2.51
51-60	2.81-7.58
61-70	8.13-18.81

Unit linked investments

The Group recognizes the unit linked investments and its related liabilities pertaining to the deposit component of the Takaful contract on gross basis on its consolidated statement of financial position. These were recorded in net, as based on the management judgement, financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position if, and only if, as required by IAS 32, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously; which is not the case for the unit linked investments provided by the Group.

Estimation of fair value of investment properties

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

Management, in conjunction with the Group's external valuers, also compares changes in fair value of each property with relevant external sources to determine whether the change is reasonable.

5 Cash and Cash Equivalents

	2023 **AED**	2022 AED
Cash on hand	**65,710**	60,418
Bank balances in current accounts	**57,712,876**	133,792,619
	57,778,586	133,853,037
Less: allowances for expected credit losses	**(17,365)**	(20,483)
Total	**57,761,221**	133,823,554
Less: cash and cash equivalents included in assets under discontinued operations – (note 7.1)	**(1,008,976)**	(1,008,976)
Less: cash and bank balances related to discontinued operations – Policyholders (note 7.2)	**(7,604,850)**	(56,659,604)
Total	**49,147,395**	76,163,974

There are no restrictions on bank balances at the time of approval of these consolidated financial statements.

Details of allowances for expected credit losses are as follows:

	2023 **AED**	2022 AED
Balance as at 1 January	**20,483**	17,622
(Reversal)/charges for the year	**(3,118)**	2,861
Balance as at 31 December	**17,365**	20,483

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents are analysed as follows:

	2023 **AED**	2022 AED
Cash and cash equivalents	**49,147,395**	76,163,974
Cash and cash equivalents included in assets under discontinued operations – (note 7.1)	**1,008,976**	1,008,976
Cash and cash equivalents included in assets under discontinued operations – Takaful operations (note 7.2)	**7,604,850**	56,659,604
Total cash and cash equivalent	**57,761,221**	133,832,554

6 Statutory Deposit

In accordance with the requirements of UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended) covering insurance companies and agencies, the Group maintains a bank deposit of AED 10 million (2022: AED 10 million) which cannot be utilized without the consent of the Central bank of UAE. The deposit bears a profit rate of 0.6% per annum (2022: 0.6% per annum).

7 Discontinued operations

7.1 Disposal groups held for sale and discontinued operations - subsidiaries.

During 2018, the Board of Directors approved the liquidation and the disposal of Technik Auto Services Centre LLC and Amity Health L.L.C., subsidiaries of the Group.

	31 December 2023 AED	31 December 2022 AED
Assets under discontinued operations	**1,583,321**	1,583,321
Liabilities directly associated with assets under discontinued operations	**12,947,356**	12,947,356

Board of Directors approved the liquidation of two of the Group's subsidiaries. The Group is currently in the process of liquidation of these subsidiaries, the carrying amount of the assets and liabilities have been written down to the fair value less cost to sell. The major class of assets and liabilities of the subsidiaries at the end of the reporting y are as follows:

	31 December 2023 AED	31 December 2022 AED
Cash and cash equivalents - note 5	**1,008,976**	1,008,976
Other receivables	**574,345**	574,345
Assets under discontinued operations	**1,583,321**	1,583,321
Trade and other payables	**12,947,356**	12,947,356
Liabilities associated with assets under discontinued operations	**12,947,356**	12,947,356
Net liabilities associated with assets under discontinued operations	**(11,364,035)**	(11,364,035)

The ex-Vice Chairman of the Group holds 1% of Nawat Investments L.L.C. and 1% of Technik Auto Service Centre Co. L.L.C on behalf and for the benefit of the Group to meet the requirements of the legal structure of these subsidiaries.

7 Discontinued operations (continued)

7.2 Disposal groups held for sale and discontinued operations - takaful operations.

Sale of the general takaful portfolio

During 2022, the Group initiated the transfer of the general, medical, and family takaful portfolios to Islamic Arab Insurance Co. (SALAMA) PSC, an entity incorporated in the United Arabic Emirates, subject to the regulator's final approval. The Group has submitted an application to CBUAE - Insurance Sector to approve the transaction and will complete the necessary procedures to finalize the transaction between the two Companies.

Sale of the individual life portfolio

As per the AGM meeting held on 6 February 2023, the Shareholders issued a special resolution approving the board of directors' decision to exit and sell takaful portfolio to SALAMA and ADNT and authorizing the Group's board of directors to complete all procedures with authorities and Policyholders to exit takaful business and transform the Group into an investment group.

Further, the Group has signed an agreement to transfer the individual life takaful portfolio to Abu Dhabi National Takaful Company, and on 20 July 2023, the Group has received the final approval from the CBUAE on the transfer of the individual life insurance portfolio to Abu Dhabi National Takaful Company (ADNT). Currently, the Group is in the process of completing the legal formalities related to the transfer of the individual life takaful portfolio.

Based on that, the takaful operations "disposable group" have been classified and accounted for as per the requirements of IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*, and accordingly, the comparative consolidated statement of profit or loss and other comprehensive income have been restated to show the discontinued operation separately from the continuing operations. Further, the comparative figures as presented in the consolidated financial position as at 31 December 2022 have been restated, refer to note 31 – correction of an error.

As required by IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*, the entire takaful operations should be recorded at the lower of their carrying value or fair value less costs to sell, with reference to the sale price as per the signed agreements, which is higher than the carrying values.

However, the carrying values of the disposal group are measured in accordance with IFRS 4 "*Insurance contracts*" as the Group did not apply IFRS 17 *"Insurance contracts"*, which is effective for annual periods starting on or after 1 January 2023. Management initially expected that the sale transactions to be completed during 2023, as the Group has already received the final approval from the regulator on the transfer of the individual life insurance portfolio to Abu Dhabi National Takaful Company, and accordingly, management requested an exemption from IFRS 17 from the regulator during 2023, who requested a non-Objection letter from the buyer on the application of IFRS 17 to the transferred portfolio during 2023. The NOC was provided to the Regulator on 28 April 2023. However, as the takaful portfolio was not transferred during the year ended 31 December 2023, management has performed a financial impact assessment for IFRS 17, revealing a material impact on total assets and total liabilities presented as assets held for sale in these consolidated financial statements, including comparative figures. However, management opted not to apply the provisions of IFRS 17, as management expects to exist all the takaful activities during 2024 as the Group is currently working on the legal formalities related to the transfer of the individual life portfolio.

7 Discontinued operations (continued)

7.2 Disposal groups held for sale and discontinued operations - takaful operation (continued)

Consolidated statement of financial position	Notes	**31 December 2023 Policyholder**	31 December 2022 Policyholder
ASSETS			
Cash and cash equivalents	5	**7,604,850**	56,659,604
Retakaful contract assets:			
Unearned contribution reserves	7.3	**19,896,735**	32,746,791
Claims reported unsettled	7.3	**63,071,479**	76,039,891
Mathematical reserve	7.3	**2,681,288**	3,914,042
Claims incurred but not reported	7.3	**17,061,423**	30,915,329
Takaful receivables	7.5	**27,072,317**	63,492,354
Financial assets carried at fair value through profit or loss (FVTPL)	8	**705,689,325**	782,310,168
Investment properties	9	**10,829,971**	9,352,306
Due from shareholders		**56,184,443**	98,750,239
TOTAL ASSETS		**910,091,831**	1,154,180,724
LIABILITIES AND POLICYHOLDERS' FUND			
LIABILITIES			
Trade and other payables	10	**11,742,826**	22,945,613
Takaful payables	7.6	**48,935,447**	83,640,006
Takaful contract liabilities:			
Unearned contribution reserve	7.3	**22,141,698**	96,363,273
Claims reported unsettled	7.3	**65,631,644**	95,298,668
Mathematical reserve	7.3	**5,380,437**	5,220,233
Claims incurred but not reported	7.3	**41,073,230**	52,142,087
Unallocated loss adjustment expenses	7.3	**818,496**	3,521,639
Unit linked liabilities	7.3	**705,670,303**	782,291,146
Deferred discount		**1,397,130**	5,050,033
Amounts held under retakaful treaties		**2,272,073**	7,198,798
POLICYHODERS' FUND			
Deficit in Policyholders' fund		**(21,836,796)**	(45,681,014)
Qard Hassan from Shareholders		**26,032,226**	45,681,014
Investments revaluation reserve – FVOCI		**3,113,482**	(2,280,365)
Retakaful default reserve	7.4	**(2,280,365)**	2,789,593
TOTAL LIABILITIES AND POLICYHOLDERS' FUND		**910,091,831**	1,154,180,724

7 Discontinued operations (continued)

7.2 Disposal groups held for sale and discontinued operations - takaful operation (continued)

Consolidated statement of profit or loss		**For the year ended 31 December 2023**			For the year ended 31 December 2022		
		TOTAL AED	**NON-LIFE AED**	**LIFE AED**	TOTAL AED	NON-LIFE AED	LIFE AED
Attributable to policyholders	Note						
Takaful income							
Gross takaful contributions	7.7	**69,982,800**	**65,683,073**	**4,299,727**	253,541,442	204,147,078	49,394,364
Retakaful share of gross takaful contributions	7.7	**(64,777,931)**	**(61,502,929)**	**(3,275,002)**	(136,573,840)	(95,507,439)	(41,066,401)
Net takaful contributions	7.7	**5,204,869**	**4,180,144**	**1,024,725**	116,967,602	108,639,639	8,327,963
Net transfer to unearned contributions reserve		**61,371,519**	**58,294,285**	**3,077,234**	(1,153,604)	810,163	(1,963,767)
Net change in mathematical reserve		**(1,398,359)**	**-**	**(1,398,359)**	(1,166,507)	-	(1,166,507)
Net takaful contributions earned		**65,178,029**	**62,474,429**	**2,703,600**	114,647,491	109,449,802	5,197,689
Discount received on ceded retakaful		**8,913,450**	**7,680,684**	**1,232,766**	16,995,865	13,867,718	3,128,147
Policy fees	17	**1,121,908**	**370,026**	**751,882**	686,302	684,589	1,713
Net takaful income		**75,213,387**	**70,525,139**	**4,688,248**	132,329,658	124,002,109	8,327,549
Takaful expenses							
Gross claims settled	7.8	**(87,348,066)**	**(75,189,339)**	**(12,158,727)**	(137,512,703)	(117,841,335)	(19,671,368)
Retakaful share of gross claims settled	7.8	**25,660,623**	**15,654,742**	**10,005,880**	40,844,341	23,955,735	16,888,606
Net takaful claims	7.8	**(61,687,443)**	**(59,534,597)**	**(2,152,847)**	(96,668,362)	(93,885,600)	(2,782,762)
Change in claims reported unsettled reserve		**29,667,024**	**28,029,452**	**1,637,572**	(11,143,278)	(9,384,559)	(1,758,719)
Change in retakaful share of claims reported unsettled reserve		**(12,968,412)**	**(11,612,046)**	**(1,356,365)**	12,234,910	10,798,989	1,435,921
Change in incurred but not reported claims reserve		**(2,785,049)**	**(2,602,411)**	**(182,638)**	(3,268,788)	(3,136,766)	(132,022)
Change in unallocated loss adjustment expenses reserve		**2,703,143**	**2,649,068**	**54,075**	151,916	173,927	(22,011)
Net claims incurred		**(45,070,737)**	**(43,070,534)**	**(2,000,203)**	(98,693,603)	(95,434,009)	(3,259,594)
Net takaful income		**30,142,650**	**27,454,605**	**2,688,045**	33,636,055	28,568,100	5,067,955
Wakala fees	17	**(7,148,246)**	**(4,982,855)**	**(2,165,391)**	(67,569,542)	(51,272,774)	(16,296,768)
Investment income		**1,564,937**	**1,564,937**	**-**	(892,100)	(892,100)	-
Mudarib's share	17	**(391,234)**	**(391,234)**	**-**	-	-	-
Net profit from takaful operation for the year		**24,168,107**	**23,645,453**	**522,654**	(34,825,587)	(23,596,774)	(11,228,813)
(Recovery)/provision against Qard Hassan to policyholders	29	**(19,648,788)**	**(19,142,509)**	**(506,279)**	30,576,654	19,142,509	11,434,145
Net surplus/(deficit) from takaful operation for the year		**4,519,319**	**4,502,944**	**16,375**	(4,248,933)	(4,454,265)	205,332

7.3 Retakaful contract assets and takaful contract liabilities

	2023 AED	2022 AED
Takaful contract liabilities – gross – (A)		
Unearned contribution and unexpired risk reserves	**22,141,698**	96,363,273
Claims reported unsettled	**65,631,644**	95,298,668
Mathematical reserve *	**7,404,048**	7,189,832
Claims incurred but not reported	**41,073,230**	52,142,087
Unallocated loss adjustment expenses	**818,496**	3,521,639
Unit linked liabilities	**705,670,303**	782,291,146
	842,739,419	1,036,806,645
Retakaful contract assets – (B)		
Unearned contribution and unexpired risk reserves	**19,896,735**	32,746,791
Claims reported unsettled	**63,071,479**	76,039,891
Mathematical reserve *	**3,152,538**	4,336,681
Claims incurred but not reported	**17,061,423**	30,915,329
	103,182,175	144,038,692
Takaful contract liabilities – net – (A-B)		
Unearned contribution and unexpired risk reserves	**2,244,963**	63,616,482
Claims reported unsettled	**2,560,165**	19,258,777
Mathematical reserve	**4,251,510**	2,853,151
Claims incurred but not reported	**24,011,807**	21,226,758
Unallocated loss adjustment expenses	**818,496**	3,521,639
Unit linked liabilities	**705,670,303**	782,291,146
	739,557,244	892,767,953

* The shareholders have assumed a gross mathematical reserve of AED 2,023,611 (2022: AED 1,969,599) with its related retakaful contract assets of AED 471,250 (2022: AED 422,639) respectively.

As at 31 December 2023, the gross and net insurance contract liabilities as certified by the Company's appointed actuary, SHMA Consulting DMCC amounted to AED 843 million and AED 740 million (2022: AED 1,037 million and AED 893 million) respectively.

7.4 Retakaful default reserve

In accordance with Article (34) to Insurance Authority's Board of Directors Decision No (23) of 2019, insurance companies incorporated in the State and licensed by the Central Bank of the United Arab Emirates ("CBUAE") shall bind in the preparation of its annual consolidated financial statements and its final accounts to allocate an amount equal to 0.5% (Five per thousand) of the total retakaful contributions ceded by them in all classes in order to create a provision for the probability of failure of any of the reinsurers with whom the Group deals to pay what is due to the Group or default in its financial position. The provision shall be accounted year after year based on the retakaful contribution ceded and many not be disposed of without the written approval of the Assistant Governor of the Banking and Insurance Supervision Department of CBUAE. The decision was effective from 1 December 2020. Accordingly, an amount of AED 2,280,365 (31 December 2022: AED 2,789,593) has been recorded in the equity for policyholders as a Retakaful default reserve.

7.5 Takaful receivables

	2023 AED	2022 AED
Due from policyholders	**13,569,504**	35,924,690
Due from takaful / retakaful companies	**18,030,675**	23,050,551
Due from brokers / agents	**5,004,666**	15,695,134
	36,604,845	74,670,375
Less: allowance for expected credit losses	**(9,532,528)**	(11,178,021)
	27,072,317	63,492,354

Movement in allowance for expected credit loss is as follows:

	2023 AED	2022 AED
Balance at 1 January	**11,178,021**	10,311,646
Charged during the year	**-**	866,375
Reversal during the year	**(1,645,493)**	-
Balance at 31 December	**9,532,528**	11,178,021

Geographical concentration of net takaful receivable balances and its ageing are as follows:

	31 December 2023			31 December 2022		
	Inside UAE AED	**Outside UAE AED**	**Total AED**	Inside UAE AED	Outside UAE AED	Total AED
Due from policyholders	**13,569,504**	**-**	**13,569,504**	35,924,690	-	35,924,690
Due from takaful / retakaful companies	**13,263,771**	**4,766,904**	**18,030,675**	17,036,705	6,013,846	23,050,551
Due from brokers / agents	**5,004,666**	**-**	**5,004,666**	15,695,134	-	15,695,134
	31,837,941	**4,766,904**	**36,604,845**	68,656,529	6,013,846	74,670,375
Less: allowance for expected credit losses	**(8,439,114)**	**(1,093,414)**	**(9,532,528)**	(11,178,021)	-	(11,178,021)
Net takaful balances receivable	**23,398,827**	**3,673,490**	**27,072,317**	57,478,508	6,013,846	63,492,354

7.5 Takaful receivables (continued)

	31 December 2023			31 December 2022		
	Inside UAE AED	**Outside UAE AED**	**Total AED**	Inside UAE AED	Outside UAE AED	Total AED
Not due	**-**	**-**	**-**	11,436,857	-	**11,436,857**
Less than 30 days	**7,769,969**	**1,313,569**	**9,083,538**	17,193,265	228,095	**17,421,360**
31-90 days	**2,140,447**	**3,827**	**2,144,274**	9,992,833	85,351	**10,078,184**
91-180 days	**1,511,442**	**95,848**	**1,607,290**	5,456,085	1,376,954	**6,833,039**
181-270 days	**1,796,950**	**103,112**	**1,900,062**	1,833,344	937,264	**2,770,608**
271-365 days	**1,012,403**	**135,132**	**1,147,535**	3,018,261	85,123	**3,103,384**
More than 365 days	**9,167,616**	**2,022,002**	**11,189,618**	8,547,863	3,301,059	**11,848,922**
Net takaful receivable balances	**23,398,827**	**3,673,490**	**27,072,317**	**57,478,508**	**6,013,846**	**63,492,354**

7.6 Takaful payables

	2023 AED	2022 AED
Within U.A.E	**41,037,975**	65,493,580
Outside U.A.E	**7,897,472**	18,146,426
Total	**48,935,447**	83,640,006
Within U.A.E.		
Payable to takaful and retakaful companies	**32,721,105**	54,537,391
Payable to brokers / agents	**4,961,291**	5,061,801
Payable to policyholders	**3,355,579**	5,894,388
	41,037,975	65,493,580
Outside U.A.E.		
Payable to takaful and retakaful companies	**7,837,505**	18,083,192
Payable to brokers / agents	**59,967**	63,234
	7,897,472	18,146,426

7.7 Net takaful contributions

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Gross takaful contribution	**Retakaful share of takaful contribution**	**Net takaful contribution**	Gross takaful contribution	Retakaful share of takaful contribution	Net takaful contribution
	AED	**AED**	**AED**	AED	AED	AED
Motor	**149,195**	**149,195**	**-**	32,461,860	2,672,356	29,789,504
Engineering	**1,549,757**	**1,455,858**	**93,899**	6,650,645	6,314,947	335,698
Marine & aviation	**318,017**	**318,017**	**-**	1,461,108	1,216,432	244,676
Fire	**6,750,353**	**6,533,166**	**217,187**	24,559,166	23,043,608	1,515,558
General insurance & liabilities	**54,979,022**	**52,940,052**	**2,038,970**	65,576,515	59,682,597	5,893,918
Medical	**1,936,729**	**106,641**	**1,830,088**	73,437,784	2,577,499	70,860,285
Life	**4,299,727**	**3,275,002**	**1,024,725**	49,394,364	41,066,401	8,327,963
Total	**69,982,800**	**64,777,931**	**5,204,869**	253,541,442	136,573,840	116,967,602

7.8 Net takaful claims

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Gross claims settled	**Retakaful share of gross claims settled**	**Net takaful claims**	Gross claims settled	Retakaful share of gross claims settled	Net takaful claims
	AED	**AED**	**AED**	AED	AED	AED
Motor	**21,145,127**	**1,087,477**	**20,057,650**	56,921,489	7,297,405	49,624,084
Engineering	**2,660,815**	**2,496,394**	**164,421**	1,649,922	1,580,400	69,522
Marine & aviation	**1,736,643**	**1,693,279**	**43,364**	1,233,800	1,203,963	29,837
Fire	**3,906,344**	**3,570,643**	**335,701**	6,653,246	6,106,520	546,726
General insurance & liabilities	**5,979,261**	**4,873,820**	**1,105,441**	6,611,635	3,872,174	2,739,461
Medical	**39,761,149**	**1,933,130**	**37,828,019**	44,771,243	3,895,273	40,875,970
Life	**12,158,727**	**10,005,880**	**2,152,847**	19,671,368	16,888,606	2,782,762
Total	**87,348,066**	**25,660,623**	**61,687,443**	137,512,703	40,844,341	96,668,362

8 Investment in financial assets

	2023 AED	2022 AED
Financial assets attributable to the Shareholders		
Financial assets carried at fair value through other comprehensive income (FVOCI) (A)		
- Listed	**25,226,011**	27,827,607
- Unlisted	**3,325,211**	3,557,000
	28,551,222	31,384,607
Financial assets carried at fair value through profit and loss (FVTPL) (B)		
- Listed	**21,269,687**	82,679
Total investment in financial assets measured at fair value (A+B)	**49,820,909**	31,467,286

Movement in financial assets measured at fair value through other comprehensive income (FVOCI) and financial assets measured at fair value through profit or loss (FVTPL) attributable to the Shareholders is as follows:

	2023		2022	
	FVOCI AED	FVTPL AED	FVOCI AED	FVTPL AED
At 1 January	**31,384,607**	**82,679**	70,241,104	46,638,111
Additions	**187,963,797**	**50,564,323**	31,894,063	10,015,750
Disposals	**(188,105,538)**	**(17,325,810)**	(73,193,998)	(61,469,385)
Change in the fair value	**(2,691,644)**	**(12,051,505)**	2,443,438	4,898,203
At 31 December	**28,551,222**	**21,269,687**	31,384,607	82,679

Currency distribution

	2023		2022	
	FVOCI AED	FVTPL AED	FVOCI AED	FVTPL AED
United Arab Emirates Dirhams	**28,551,222**	**21,269,687**	31,384,607	82,679
	28,551,222	**21,269,687**	31,384,607	82,679

Investment revaluation reserve – FVOCI

Investment's revaluation reserve represents the accumulated unreleased gains or losses that are recognised on investments carried at fair value through other comprehensive income at reporting date.

Movement in the investment revaluation reserve is as follows:

	2023 AED	2022 AED
At 1 January	**13,151,220**	56,093,581
Other comprehensive income for the year	**2,691,644**	(1,008,726)
Disposals	**3,010,494**	(41,933,635)
At 31 December	**18,853,358**	13,151,220

8 Investment in financial assets (continued)

Geographical concentration

	2023 FVOCI AED	2023 FVTPL AED	2022 FVOCI AED	2022 FVTPL AED
Within UAE (A)				
- Listed	**25,226,011**	**21,269,687**	27,827,607	82,679
Outside UAE (B)				
- Unlisted	**3,325,211**	**-**	3,557,000	-
Total investment in financial assets measured at fair value (A+B)	**28,551,222**	**21,269,687**	31,384,607	82,679

Unit linked investments- attributable to the Policyholders

	2023 AED	2022 AED
Financial assets attributable to the Policyholders – note 7.2		
Financial assets carried at fair value through profit and loss (FVTPL)- (As part of assets classified as held for sale – Note 7.2)		
- Unit linked investments (as part of assets classified as held for sale	**705,670,303**	782,291,146
- Others	**19,022**	19,022
Total investment in financial assets measured at fair value	**705,689,325**	782,310,168

Movement in the unit linked investments is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**782,310,168**	863,256,172
Net change during the year (change in fair value and net investment/withdrawal)	**(76,620,843)**	(80,946,004)
At 31 December	**705,689,325**	782,310,168

9 Investment properties

	2023 **AED**	2022 AED
Balance at 1 January	**50,000,000**	56,896,500
Gain/(loss) on revaluation of investment properties	**7,900,000**	(6,896,500)
Balance at 31 December	**57,900,000**	50,000,000
Allocation of investment properties:		
Shareholders	**47,070,029**	40,647,694
Takaful operations (As part of assets classified as held for sale – Note 7.2)	**10,829,971**	9,352,306
	57,900,000	50,000,000
Allocation of the revaluation gain/(loss):		
Shareholders	**6,422,365**	(5,606,562)
Takaful operations (As part of assets classified as held for sale – Note 7.2)	**1,477,635**	(1,289,938)
	7,900,000	(6,896,500)

Valuation process and techniques underlying management's estimation of fair value

The Group has complied with the requirements of the CBUAE Board Decision No. (26) of 2014 with regards to valuation of the investment properties and were accounted accordingly for the purpose of financial reporting. The fair value of the investment property has been arrived at on the basis of a valuation carried by a professional, independent valuation expert, not related to the Group. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties, in accordance with Royal Institute of Chartered Surveyors (RICS) appraisal and valuation standards. The property was valued by two independent valuers and the Group has recognised the fair value as the average of the valuation estimated by the independent valuers. In estimating the fair value of the property, the highest and best use of the property is their current use.

The following table shows the valuation technique used in measuring the fair value of the investment property, as well as the significant unobservable inputs used.

Valuation technique	**Significant unobservable inputs**	**Interrelationship between key unobservable inputs and fair value measurements**
Comparison method	The comparison approach involves examining and analysing recent market transaction/data and making adjustments to this data to account for differences in location, building area, quality of accommodation, finish, date of sale, view, aspect and other individual characteristics	The estimated fair value increase / decrease if the inputs to the comparison method varies.

9 Investment properties (continued)

Fair value hierarchy

Fair value hierarchy of the Group's investment property is as follows:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
At 31 December 2023				
Investment properties	-	-	**57,900,000**	**57,900,000**
At 31 December 2022				
Investment properties	-	-	50,000,000	50,000,000

10 Trade and other payables

	2023 AED	2022 AED (Restated)
Trade payables and accruals	**52,339,044**	43,800,688
Zakat payable	**768,491**	813,805
Other payables	**2,023,611**	1,969,599
	55,131,146	46,584,092
Allocation of trade and other payables:		
Shareholders	**43,388,320**	23,638,479
Takaful operations (As part of assets classified as held for sale – Note 7.2)	**11,742,826**	22,945,613
	55,131,146	46,584,092

11 Prepayments and other receivables

	2023 AED	2022 AED *(Restated)*
Advance to suppliers	**1,115,000**	1,115,000
Prepayments	**973,356**	2,011,839
Receivables from employees	**372,943**	976,592
Refundable deposits	**71,483**	87,483
Other receivables *	**29,224,186**	45,078,174
	31,756,968	49,269,088

* Other receivables include an amount of AED 18.3 million (31 December 2022: 41.1 million) receivable against an investment disposed during 2022.

12 Property and equipment

	Motor vehicles AED	**Furniture and fixtures AED**	**Office equipment AED**	**Total AED**
Cost:				
At 1 January 2023	**227,290**	**5,405,566**	**5,909,248**	**11,542,104**
Disposals	**(98,400)**	**(4,659,119)**	**(3,218,736)**	**(7,976,255)**
At 31 December 2023	**128,890**	**746,447**	**2,690,512**	**3,565,849**
Accumulated depreciation:				
At 1 January 2023	**227,290**	**5,399,639**	**5,765,157**	**11,392,086**
Charge for the year – (note 19)	**-**	**5,227**	**75,436**	**80,663**
Disposals	**(98,400)**	**(4,658,419)**	**(3,215,063)**	**(7,971,882)**
At 31 December 2023	**128,890**	**746,447**	**2,625,530**	**3,500,867**
Net carrying amount:				
31 December 2023	**-**	**-**	**64,982**	**64,982**

	Motor vehicles AED	Furniture and fixtures AED	Office equipment AED	Total AED
Cost:				
At 1 January 2022	227,290	5,404,991	5,877,134	11,509,415
Additions	-	575	32,114	32,689
At 31 December 2022	227,290	5,405,566	5,909,248	11,542,104
Accumulated depreciation:				
At 1 January 2022	218,668	5,380,034	5,673,289	11,271,991
Charge for the year – (note 19)	8,622	19,605	91,868	120,095
At 31 December 2022	227,290	5,399,639	5,765,157	11,392,086
Net carrying amount:				
At 31 December 2022	-	5,927	144,091	150,018

13 Provision for employees' end of service benefits

	31 December 2023 AED	31 December 2022 AED
Balance at beginning of the year	**5,456,780**	6,199,433
Charged during the year	**612,773**	1,177,256
Payments made during the year	**(3,756,387)**	(1,919,909)
Balance at end of the year	**2,313,166**	5,456,780

14 Contingencies

At the reporting date, the Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business amounting to AED 0.4 million (2022: AED 0.4 million).

The Group is involved as a defendant in a number of legal cases with other insurance and reinsurance companies and customers. A reserve is made in respect of each individual case where it is probable that the outcome would result in a loss to the Group in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made. The expected outcome of the cases is dependent on future legal proceedings.

15 Share capital

	2023	2022
	AED	AED
Issued and fully paid:		
225,750,000 ordinary shares of AED 1 each		
(2022: 225,750,000 ordinary shares of AED 1 each)	**225,750,000**	225,750,000

16 Other reserves

16.1 Legal reserve

In accordance with the UAE Federal Law No. (32) of 2021 concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

16.2 General reserve

The Group is required to transfer 10% of the profit of the Company for the year to a general reserve in accordance with its Articles of Association. The reserve is available for distribution by a resolution of the shareholders of the Group at an ordinary general meeting, on the recommendation of the Board of Directors.

17 Wakala fees, mudarib's share and policy fees

The Group manages the Takaful operations for the Policyholders and charges 33% (2022: 33%) of the gross takaful contributions net of fronting contribution as Wakala fees. In addition, the Group charges 2% (2022: 2%) on fronting contribution as Wakala fees and 100% (2022: 100%) on certain unit linked takaful contracts. These Wakala fees rates were approved by the Group's Fatwa and Sharia'a Supervisory Board. The Wakala Fees share amounted to AED 7,148,246 for the year ended 31 December 2023 (2022: AED 67,569,542).

The Group also manages the policyholders' investment funds and is entitled to 25% (2022: 25%) of net investment income earned by the takaful operations' investment funds as the Mudarib's share. The Mudarib's share amounted to AED 391,234 for the year ended 31 December 2023 (2022: AED Nil).

Policy fees amounting to AED 1.1 million during 2023 (2022: AED 0.7 million) relate to income earned on the issuance of policies across all lines of businesses which includes administration fees, fronting fees, acquisition fees. Policy fees are earned by the Group during the initiation of the policies.

18 Investment (expenses)/income

	2023 AED	2022 AED *(Restated)*
Gain/(loss) on revaluation of investment property – (note 9)	**6,422,365**	(5,606,562)
Realised gain on investments in financial assets measured at FVTPL	**1,046,562**	(40,758)
Income on investment properties, net	**379,447**	380,402
Dividend income	**269,899**	1,667,463
Income from wakala deposits with banks	**169,793**	77,795
Investment expenses	**(23,840)**	(406,816)
Unrealised (Loss)/gain on investments in financial assets measured at FVTPL – (note 8)	**(12,051,505)**	4,898,203
Other income	**750,000**	-
	(3,037,279)	969,727

19 General and administrative expenses

	2023 AED	2022 AED
Salaries and benefits	**9,073,807**	18,235,137
Legal and professional fees	**1,967,639**	2,372,863
Rent – (note 21)	**922,836**	1,385,846
Communication	**620,202**	816,346
Repairs and maintenance	**514,573**	737,707
Depreciation – (note 12)	**80,663**	120,095
Printing and stationary	**39,371**	91,823
Travelling and conveyance	**60,028**	70,678
Marketing and advertising	**43,730**	86,513
Bank charges	**117,322**	475,585
Expected credit losses	**-**	869,236
Others	**1,624,534**	1,957,958
	15,064,705	27,219,787

20 Basic and diluted earnings/(loss) per share

Earnings/(loss) per share are calculated by dividing profit/(loss) attributable to the shareholders for the year, by weighted average number of shares outstanding during the year.

	For the year ended 31 December					
	2023 AED	2022 AED *(Restated)*	**2023 AED**	2022 AED	**2023 AED**	2022 AED *(Restated)*
	Profit / (loss) for the year		Weighted average number of shares outstanding during the year		Earnings/(losses) per share (AED per share)	
Continuing operations	**1,108,521**	**(10,162,873)**	**225,750,000**	**225,750,000**	**0.005**	**(0.045)**
Discontinuing operations	**4,519,319**	**(4,248,933)**	**225,750,000**	**225,750,000**	**0.020**	**(0.019)**

No figure for diluted earnings/(loss) per share has been presented since the Group has not issued any instruments which would have an impact on earnings per share when exercised. Accordingly, diluted earnings per share is equivalent to basic earnings/(loss) per share.

21 Operating lease commitments

Operating leases relate to offices with a lease term of 1 year, with an option to extend. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

	2023	2022
Minimum lease payments under operating leases recognised as an expense during the year – (note 19)	**922,836**	1,385,846

22 Fatwa and sharia'a supervisory board

The Group's business activities are subject to the supervision of its Fatwa and Sharia'a Supervisory Board consisting of three members appointed by the shareholders. The Fatwa and Sharia'a Supervisory Board perform a supervisory role in order to determine whether the operations of the Group are conducted in accordance with Sharia'a rules and principles.

23 Related party transactions and balances

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel.

Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties. There are no significant balances outstanding at reporting date, following are the income and expenses in respect of related parties included in the consolidated financial statements.

Compensation of key management personnel was as follows:

	2023	2022
	AED	AED
Short term employee benefits	**1,029,207**	1,058,592
End of service benefits	**325,321**	155,440
	1,354,528	1,214,032

24 Segmental information

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's management in order to allocate resources to the segment and to assess its performance. Information reported to the Group's Board of Directors for the purpose of resource allocation and assessment of performance is based on following strategic business activities:

- **Investment activities** represent investment and cash management for the Group's own account.
- **Others** represent income and expense activities conducted by the subsidiaries and included in these consolidated financial statements.

The following table presents segment information for the year ended 31 December 2023 and 2022.

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Investments	**Other**	**Total**	Investments	Other	Total
	AED	**AED**	**AED**	AED	AED	AED
Takaful - discontinued operations						
Takaful income	**-**	**75,213,387**	**75,213,387**	-	132,329,657	132,329,657
Takaful expenses	**-**	**(45,070,737)**	**(45,070,737)**	-	(98,693,602)	(98,693,602)
Net takaful income	**-**	**30,142,650**	**30,142,650**	-	33,636,055	33,636,055
Wakala fees	**7,148,246**	**(7,148,246)**	**-**	67,569,542	(67,569,542)	-
Mudarib fees	**391,234**	**(391,234)**	**-**	-	-	-
Policy acquisition cost	**(12,519,505)**	**-**	**(12,519,505)**	(28,613,645)	-	(28,613,645)
	(4,980,025)	**22,603,170**	**17,623,145**	38,955,897	(33,933,487)	5,022,410
Investment income	**(3,037,279)**	**1,564,937**	**(1,472,342)**	969,727	(892,100)	77,627
Other income	**4,541,742**	**-**	**4,541,742**	7,747,892	-	7,747,892
General and administrative expenses	**(15,064,705)**	**-**	**(15,064,705)**	(27,219,787)	-	(27,219,787)
Net (loss)/profit for the year before Qard Hassan	**(18,540,267)**	**24,168,107**	**5,627,840**	20,453,729	(34,825,587)	(14,371,858)
Recovery/(provision) against Qard Hassan to policyholders	**19,648,788**	**(19,648,788)**	**-**	(30,576,654)	30,576,654	-
Net operating income of subsidiaries	**-**	**-**	**-**	-	-	(38,831)
Net profit / (loss) for the year	**1,108,521**	**4,519,319**	**5,627,840**	(10,122,925)	(4,248,933)	(14,410,689)

	Investment		**Others**		**Total**	
	31 December 2023	31 December 2022 (Restated)	**31 December 2023**	31 December 2022 (Restated)	**31 December 2023**	31 December 2022 (Restated)
	AED	AED	**AED**	AED	**AED**	AED
Segment assets	**190,032,707**	217,980,085	**910,091,831**	1,154,180,724	**1,100,124,538**	1,372,160,809
Segment liabilities	**114,833,285**	140,792,854	**910,091,831**	1,154,180,724	**1,024,925,116**	1,294,464,350

25 Capital management

(i) 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 financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group's risk management function is carried out by the Board of Directors, with its associated committees. This is supplemented with a clear organisational structure with delegated authorities and responsibilities from the Board of Directors to the Chief Executive Officer and other senior managers.

The Board of Directors meets regularly to approve any commercial, regulatory and organisational decisions. The Board of Directors defines the Group's risk and its interpretation, limits structure to ensure the appropriate quality and diversification of assets, aligns underwriting and Retakaful strategy to the corporate goals, and specifies reporting requirements.

(ii) Capital management framework

The primary objective of the Group's capital management is to comply with the regulatory requirements in the UAE and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

(iii) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters. The operations of the Group are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

As per Article (8) of Section 2 of the Financial Regulations, the Group is required, at all times, to comply with the requirements of Solvency Margin. The solvency position of the Group as of 31 December 2023 "unaudited" and 31 December 2022 is presented below:

	31 December 2023 AED'000 (Unaudited)	31 December 2022 AED'000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**26,340**	40,235
Minimum Guarantee Fund (MGF)	**20,000**	51,047
Basic Own Funds	**(31,553)**	(39,767)
MCR Solvency Deficit	**(131,553)**	(139,767)
SCR Solvency Deficit	**(57,893)**	(80,003)
MGF Solvency Deficit	**(51,553)**	(90,814)

25 Capital management (continued)

To address the solvency deficit, the Group's management initially submitted a recovery plan to CBUAE which involved a substantial capital injection by means of a rights issue; however, the plan was subsequently changed, because it was envisaged that shareholders are unlikely to support a capital injection in the prevailing economic and financial circumstances. The new plan, which is subject to shareholders and regulatory approval, envisages selling the portfolios of Takaful insurance business to other takaful companies and, aided partly by the proceeds resulting the sale of the Takaful insurance portfolios and partly by other assets, generating enough capital to transform the company into a viable investment firm to safeguard and preserve shareholders' value. The Group has informed the CBUAE of its revised plans and received (in-principle/ no-objection letter) to proceed with the above sale negotiations.

Until binding terms for selling its insurance business are agreed and all regulatory and other approvals are received, the Group will continue to operate in one form or another for at least 12 months from the date of approval of these consolidated financial statements and accordingly these financial statements have been prepared on a going concern basis.

26 Financial instruments

(a) Material accounting policy information

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

26 Financial instruments (continued)

(a) Classification of financial instruments

	As at 31 December 2023				As at 31 December 2022			
	FVTPL AED	**FVOCI AED**	**Amortised cost AED**	**Total AED**	FVTPL AED	FVOCI AED	Amortised cost AED	Total AED
Financial assets								
Attributable to Shareholders								
Cash and cash equivalents	**-**	**-**	**49,147,395**	**49,147,395**	-	-	76,163,974	76,163,974
Financial assets carried at fair value through profit or loss (FVTPL)	**21,269,687**	**-**	**-**	**21,269,687**	82,679	-	-	82,679
Other receivables	**-**	**-**	**29,197,368**	**29,197,368**	-	-	45,719,617	45,719,617
Financial assets carried at fair value through other comprehensive income (FVTOCI)	**-**	**28,551,222**	**-**	**28,551,222**	-	31,384,607	-	31,384,607
Statutory deposit	**-**	**-**	**10,000,000**	**10,000,000**	-	-	10,000,000	10,000,000
Attributable to policyholders								
Assets under discontinued operations	**-**	**-**	**1,583,321**	**1,583,321**	-	-	1,583,321	1,583,321
Takaful receivables	**-**	**-**	**27,072,317**	**27,072,317**	-	-	63,492,354	63,492,354
Cash and cash equivalents	**-**	**-**	**7,604,850**	**7,604,850**	-	-	56,659,604	56,659,604
Financial assets carried at (FVTPL)	**705,689,325**	**-**	**-**	**705,689,325**	782,291,146	-	-	782,291,146
Due from shareholders	**-**	**-**	**56,184,443**	**56,184,443**	-	-	98,750,239	-
	726,959,012	**28,551,222**	**180,789,694**	**936,299,928**	782,373,825	31,384,607	352,369,109	1,067,377,302
Financial liabilities								
Attributable to Shareholders								
Trade and other payables	**-**	**-**	**43,388,320**	**43,388,320**	-	-	23,638,479	23,638,479
Due to policyholders	**-**	**-**	**56,184,443**	**56,184,443**	-	-	98,750,239	98,750,239
Attributable to policyholders								
Takaful payables	**-**	**-**	**48,935,447**	**48,935,447**	-	-	83,640,006	83,640,006
Trade and other payables	**-**	**-**	**11,742,826**	**11,742,826**	-	-	22,945,613	22,945,613
Amounts held under retakaful treaties	**-**	**-**	**2,272,073**	**2,272,073**	-	-	7,198,798	7,198,798
Liabilities directly associated with assets under discontinued operations	**-**	**-**	**12,947,356**	**12,947,356**	-	-	12,947,356	12,947,356
	-	**-**	**175,470,465**	**175,470,465**	-	-	249,120,491	249,120,491

27 Risk management

(i) Asset liability management (ALM) framework

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, retakaful contract assets and takaful contract liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its takaful contracts.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from takaful contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance liabilities. The notes below explain how financial risks are managed using the categories utilised in the Group's ALM framework. In particular, the ALM Framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. Foreign currency and credit risk are managed on a group-wide basis.

The risks faced by the Group and the way these risks are mitigated by management are summarised below.

The principal risk the Group faces under takaful contracts is that the actual claims and benefit 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 above risk exposure is mitigated by diversification across a large portfolio of takaful contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements as well as the diversification of retakaful providers.

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

27 Risk management (continued)

Frequency and amounts of claims (continued)

The loss ratios for the current and prior year, before and after retakaful are summarised below by type of risk:

	As at 31 December 2023		As at 31 December 2022	
Line of business	**Gross loss ratio AED**	**Net loss ratios AED**	Gross loss ratio AED	Net loss ratios AED
Non-Life	**71%**	**77%**	66%	72%
Life	**77%**	**49%**	89%	57%

Sources of uncertainty in the estimation of future claim payments

Based on the simulations performed, the impact on profit of a change of 1% in the loss ratio for both gross and net of retakaful recoveries would be as follows:

	As at 31 December 2023		As at 31 December 2022	
	Gross AED	**Net AED**	Gross AED	Net AED
Impact of an increase in 1% in loss ratio	**1,469,978**	**598,421**	521,421	212,268
Impact of a decrease in 1% in loss ratio	**(1,469,978)**	**(598,421)**	521,421	212,268

Process used to decide on assumptions

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

The Group uses several statistical methods and actuarial techniques to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Chain-Ladder and the Bornhuetter-Ferguson methods.

Change in assumptions

There have been no changes in assumptions, and the same have been consistently applied.

27 Risk management (continued)

Retakaful risk

In common with other Takaful companies, in order to minimise financial exposure arising from large Takaful claims, the Group, in the normal course of business, enters into arrangements 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.

Reinsurance 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 reinsurance agreements.

To minimise its exposure to significant losses from retakaful insolvencies, the Group evaluates the financial condition of its retakaful, monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsures and ensure diversification of retakaful providers. The Group deals with retakaful approved by the higher management.

27 Risk management (continued)

27A Takaful risk (continued)

Claims development table – gross

The following table reflects the development of the gross claims reported unsettled and claims incurred but not reported at the end of each year together with cumulative payments subsequent to the year of accident:

Gross					
Accident Year	**2020**	**2021**	**2022**	**2023**	**Total**
Estimate of cumulative claims - gross	**AED**	**AED**	**AED**	**AED**	**AED**
2020	**73,434,277**	**-**	**-**	**-**	**73,434,277**
2021	**80,984,343**	**76,969,758**	**-**	**-**	**157,954,101**
2022	**81,757,040**	**93,919,055**	**111,386,053**	**-**	**287,062,148**
2023	**84,269,398**	**96,923,333**	**136,817,843**	**143,009,835**	**461,020,409**
Current estimate of cumulative claims	**84,269,398**	**96,923,333**	**136,817,843**	**143,009,835**	**461,020,409**
Cumulative payments to date - gross	**(83,172,224)**	**(93,969,566)**	**(128,473,424)**	**(48,844,261)**	**(354,459,475)**
Total claims reported unsettled, and claims incurred but not reported recognized in the consolidated statement of financial position - gross	**1,097,174**	**2,953,767**	**8,344,419**	**94,165,574**	**106,560,934**
Total liability incurred but not paid before 2020	**-**	**-**	**-**	**-**	**962,436**
Total claims reported unsettled and claims incurred but not reported recognised in the consolidated statement of financial position - gross	**-**	**-**	**-**	**-**	**107,523,370**

Claims development table - net

The following table reflects the development of the net claims reported unsettled and claims incurred but not reported at the end of each year together with cumulative payments subsequent to the year of accident:

Net					
Accident Year	**2020**	**2021**	**2022**	**2023**	**Total**
Estimate of cumulative claims - net	**AED**	**AED**	**AED**	**AED**	**AED**
2020	**34,224,550**	**-**	**-**	**-**	**34,224,550**
2021	**38,251,451**	**37,872,499**	**-**	**-**	**76,123,950**
2022	**30,870,558**	**49,441,632**	**38,977,777**	**-**	**119,289,967**
2023	**32,451,683**	**53,662,384**	**51,610,972**	**31,027,072**	**168,752,111**
Current estimate of cumulative claims	**32,451,683**	**53,662,384**	**51,610,972**	**31,027,072**	**168,752,111**
Cumulative payments to date – net	**(31,400,162)**	**(50,986,471)**	**(44,956,516)**	**(14,505,286)**	**(141,848,435)**
Total claims reported unsettled, and claims incurred but not reported recognized in the consolidated statement of financial position - net	**1,051,521**	**2,675,913**	**6,654,456**	**16,521,786**	**26,903,676**
Total liability incurred but not paid before 2020	**-**	**-**	**-**	**-**	**486,792**
Total claims reported unsettled and claims incurred but not reported recognised in the consolidated statement of financial position - gross	**-**	**-**	**-**	**-**	**27,390,468**

Concentration of takaful risk

The Group's underwriting business is based mainly within the United Arab Emirates.

27 Risk management (continued)

27B 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 exposure to credit risk to the Group is the carrying value as disclosed in the consolidated statement of financial position.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- The Group only enters into Takaful and Retakaful contracts with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from Takaful and Retakaful contracts are monitored on an ongoing basis in order to reduce the Group's exposure against defaults.
- The Group seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- The Group's investments are managed in accordance with the guidance and the supervision of the Board of Directors.
- The Group's bank balances are maintained with a range of international and local banks in accordance with limits set by the management.

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

	2023	2022
	AED	AED
Cash and cash equivalents	**49,147,395**	76,184,457
Other receivables	**29,197,368**	45,719,617
Takaful receivables	**27,072,317**	63,492,354
Statutory deposit	**10,000,000**	10,000,000
Assets classified as held for sale - takaful operations	**910,091,831**	1,154,180,724
Assets under discontinued operations	**1,583,321**	1,583,321
	1,027,092,232	1,351,160,473

The Group's current credit risk grading framework for takaful receivables comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is ≥90 days past due or there is evidence indicating the asset is credit-impaired except for Takaful and retakaful companies which are credit-impaired after 364 days	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

27 Risk management (continued)

27B Credit risk (continued)

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

The allowances for expected credit losses as at 31 December 2023 and 31 December 2022 was determined as follows for all receivables:

	Not yet due AED	30 days< AED	30-90 days AED	91-364 days AED	≥365 days AED	Total AED
31 December 2023						
Expected loss rate	**-**	**0.0%**	**0.0%**	**7.8%**	**45.0%**	**26.0%**
Gross carrying amount – takaful receivables	**-**	**9,083,538**	**2,144,274**	**5,046,660**	**20,330,373**	**36,604,845**
Allowance for expected credit losses	**-**	**-**	**-**	**391,773**	**9,140,755**	**9,532,528**
	-	**9,083,538**	**2,144,274**	**4,654,887**	**11,189,618**	**27,072,317**
31 December 2022						
Expected loss rate	0.0%	0.0%	0.0%	15.1%	43.0%	15.0%
Gross carrying amount – takaful receivables	11,436,857	17,421,360	10,078,184	14,960,907	20,773,067	74,670,375
Allowance for expected credit losses	-	-	-	2,253,876	8,924,145	11,178,021
	11,436,857	17,421,360	10,078,184	12,707,031	11,848,922	63,492,354

The impact on ECL due to changes in the loss rates increase / decrease by 1% as at 31 December 2023 and 31 December 2022 would result in an ECL increase / decrease by AED and AED 632,374 respectively.

The retakaful contract assets are with highly rated reinsurers based on the Group internal Risk management framework. Takaful receivables include some unrated policy holders, however, exposures to policyholders and intermediaries with credit facilities are mitigated by ongoing credit evaluation of their financial condition including credit control policies adopted by the Group.

There is no significant concentration of credit risk with respect to cash and bank balances as the Group holds cash accounts in a large number of financial institutions. The credit risk on wakala deposits with banks with original maturities of more than three months, statutory deposits and bank balances and cash is limited because the counterparties are licensed banks with sound financial positions.

27 Risk management (continued)

27B Credit risk (continued)

Credit quality of the financial assets of the Group is detailed below:

	As at 31 December 2023			
	AAA to A AED	**BBB to B AED**	**Unrated and others AED**	**Total AED**
Financial assets				
Cash and cash equivalents	**43,746,594**	**12,898,786**	**106,865**	**56,752,245**

	As at 31 December 2022			
	AAA to A AED	BBB to B AED	Unrated and others AED	Total AED
Financial assets				
Cash and cash equivalents	101,803,401	22,816,332	8,203,845	132,823,578

27C Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with its financial liabilities when they fall due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The table below summarises the maturity profile of the assets and liabilities of the Company based on remaining contractual obligations. As the Group does not have any significant profit-bearing liabilities the totals in the table match the consolidated statement of financial position. Maturity profile in the below table also approximates to the remaining undiscounted contractual obligations of the financial assets and liabilities.

27 Risk management (continued)

27C Liquidity risk (continued)

					2023					2022
	Less than 1 years AED	1 to 5 years AED	Over 5 years AED	No maturity date AED	Total AED	Less than 1 years AED	1 to 5 years AED	Over 5 years AED	No maturity date AED	Total AED
Liabilities										
Provision for employees' end of service benefits	**-**	**-**	**-**	**2,313,166**	**2,313,166**	-	-	-	5,456,780	5,456,780
Trade and other payables	**43,388,320**	**-**	**-**	**-**	**43,388,320**	23,638,479	-	-	-	23,638,479
Due to policyholders	**56,184,443**	**-**	**-**	**-**	**56,184,443**	98,750,239	-	-	-	98,750,239
Liabilities directly associated with assets under discontinued operations	**12,947,356**	**-**	**-**	**-**	**12,947,356**	12,947,356	-	-	-	12,947,356
Liabilities directly associated with assets classified as held for sale - takaful operations	**910,091,831**	**-**	**-**	**-**	**910,091,831**	1,154,180,724	-	-	-	1,154,180,724
	1,022,611,950	**-**	**-**	**2,313,166**	**1,024,925,116**	1,289,516,798	-	-	5,456,780	1,294,973,578

27 Risk management (continued)

27D Market risk

Market risk arises from fluctuations in foreign exchange rates, profit rates and equity prices. The value of risk that may be accepted by the Group is monitored on a regular basis by the Board of Directors.

Profit rate risk

Profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market rates. Floating rate instruments expose the Group to cash flow risk. The Group is exposed to profit rate risk on some of its investments and deposits. The Group limits its risk by monitoring changes in such rates. Details of maturities of the major classes of profit generating financial instruments as at 31 December 2023 and 2022 are as follows:

As at 31 December 2023	**Less than 1 years AED**	**1 to 5 years AED**	**Over 5 years AED**	**Total AED**	**Effective profit rate AED**
Assets					
Wakala deposits with banks with original maturities of Less than three months	**10,000,000**	**-**	**-**	**10,000,000**	**5.35%**
Statutory deposit	**10,000,000**	**-**	**-**	**10,000,000**	**0.70%**
	20,000,000	**-**	**-**	**20,000,000**	

As at 31 December 2022	Less than 1 years AED	1 to 5 years AED	Over 5 years AED	Total AED	Effective profit rate AED
Assets					
Statutory deposit	10,000,000	-	-	10,000,000	0.65%
	10,000,000	-	-	10,000,000	

The impact of changes in profit rate risk is not expected to be significant for the Group, as all financial assets and financial liabilities bears fixed profit rates except murabaha payable for which any change in profit rate will have an immaterial impact on these consolidated financial statements.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

The following table shows the sensitivity of fair values to 10% increase or decrease as at 31 December:

	Reflected in Profit or loss		**Reflected in Other comprehensive income**	
	Favourable change AED	**Unfavourable change AED**	**Favourable change AED**	**Unfavourable change AED**
As at 31 December 2023				
Financial assets carried at fair value	**72,695,901**	**(72,695,901)**	**2,855,122**	**(2,855,122)**
As at 31 December 2022				
Financial assets carried at fair value	78,239,285	(78,239,285)	3,138,461	(3,138,461)

27 Risk management (continued)

27E Operational risk

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

28 Fair value of financial instruments

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

Financial assets	Fair value as at **31 December 2023 AED'000**	31 December 2022 AED'000	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
Financial assets at FVOCI						
Quoted equity securities	**25,226**	27,828	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity securities	**3,325**	3,557	Level 3	Net assets valuation method and comparable multiples approach	Net assets value	Higher the net assets value of the investees, higher the fair value
Financial assets at FVTPL						
Quoted equity securities	**21,270**	83	Level 1	Quoted bid prices in an active market	None	Not applicable
Unit linked investments - (As part of assets classified as held for sale – Note 7.2)						
Unit linked investments	**705,670**	782,291	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of the investees, higher the fair value

There were no transfers between each of the levels during the years ended 31 December 2023 and 2022.

28 Fair value of financial instruments (continued)

There were no changes in the valuation techniques and key inputs during the year ended 31 December 2023 and 2022.

	2023	2022
	AED'000	AED'000
At 1 January	**3,557**	34,313
Selling	**-**	(30,756)
Changes in fair value	**(232)**	-
At 31 December	**3,325**	3,557

Reconciliation of Level 3 fair value measurement of financial assets measured at FVTPL:

	2023	2022
	AED'000	AED'000
Unit linked investments		
At 1 January	**782,291**	863,256
Net change during the year (change in fair value and net investment/withdrawal)	**(76,621)**	(80,965)
At 31 December	**705,670**	782,291
Unquoted equity securities		
At 1 January	**-**	41,230
Selling during the year	**-**	(41,230)
At 31 December	**-**	-

The investments classified under Level 3 category have been fair valued based on information available for each investment.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 (other than unit linked investments), changing one or more of the assumptions by 5% would have an impact of AED 166,261(2022: AED 177,850).

29 Surplus / (deficit) in takaful operations' fund

	2023 Total	2023 Non-Life	2023 Life	2022 Total	2022 Non-Life	2022 Life
(Deficit)/surplus in policyholders' fund						
Balance at 1 January	**(45,681,014)**	**(19,142,509)**	**(26,538,505)**	(10,172,557)	4,931,803	(15,104,360)
Surplus/(deficit) for the year attributable to takaful operations – (note 32a)	**24,168,107**	**23,645,453**	**522,654**	(34,825,587)	(23,596,774)	(11,228,813)
Transfer to Retakaful default reserve during the year – (note 7.4)	**(323,889)**	**(307,514)**	**(16,375)**	(682,870)	(477,538)	(205,332)
(Deficit)/Surplus in takaful operations' fund as at year end	**(21,836,796)**	**4,195,430**	**(26,032,226)**	**(45,681,014)**	**(19,142,509)**	**(26,538,505)**
Qard Hassan against deficit in takaful operations' fund						
Balance at 1 January	45,681,014	19,142,509	26,538,505	15,104,360	-	15,104,360
Qard Hassan against deficit in takaful operations' fund	(19,648,788)	(19,142,509)	(506,279)	30,576,654	19,142,509	11,434,145
Qard Hassan against deficit in takaful operations' fund (Ending)	26,032,226	-	26,032,226	45,681,014	19,142,509	26,538,505
Surplus in takaful operations' fund (Net)	4,195,430	4,195,430	-	-	-	-

30 Significant events

The Group also had other assets held by an entity controlled by the former CEO on behalf of the Group which have since been disposed of without the Group's approval. The total value of these assets on the date of purchase was approximately AED 11.3 million (2022: AED 11.3 million). The Group has initiated legal proceedings in regard to the recovery of the said amount. Moreover, the group has taken all the executive legal procedures concerning the recovery of the claim. These assets have been fully provided for in the consolidated financial statements as of 31 December 2023 and 31 December 2022 and recognition of the contingent asset will only be made once the success of the legal action is certain.

31 Correction of an error

During the year, Management has identified that assets and liabilities related to takaful operations as presented in the annual consolidated financial statements of the Group for the year ended 31 December 2022 should have been classified as discontinued operations within the requirements of IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*, since the sale agreements, as stated in note 7.2, were signed during 2022. Further, during the AGM meeting held on 6 February 2023, the Shareholders issued a special resolution approving the board of directors' decision to exit and sell the takaful portfolio to SALAMA and ADNT and authorizing the Group's board of directors to complete all procedures with authorities and policyholders to exit the takaful business and transform the Group's activities into an investment Group, the decision was approved before the issuance of the annual consolidated financial statements.

In accordance with the requirements of IAS 1 *"Presentation of Financial Statements"* and IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"*, the prior period error has been corrected retrospectively by restating the relevant comparative balances in the consolidated financial statements. The error doesn't have any effect on the total assets, liabilities, revenues, or net profit of the Group for the year ended 31 December 2022.

In accordance with the requirements of IFRS 5, the Group shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the consolidated statements of financial position for prior periods to reflect the classification in the consolidated statement of financial position for the latest period presented. Accordingly, the Group didn't present the figures related to 1 January 2022. The below amounts as presented in the consolidated statements of financial position and profit or loss have been reclassified to discontinued operations.

31 Correction of an error (continued)

	As previously stated 31 December 2022 AED	Adjustments AED	Restated 31 December 2022 AED
TAKAFUL OPERATIONS' ASSETS			
Cash and cash equivalents	56,659,604	(56,659,604)	-
Retakaful contract assets:			
Unearned contribution and unexpired risk reserves	32,746,791	(32,746,791)	-
Claims reported unsettled	76,039,891	(76,039,891)	-
Mathematical reserve	3,914,042	(3,914,042)	-
Claims incurred but not reported	30,915,329	(30,915,329)	-
Takaful receivables	63,492,354	(63,492,354)	-
Financial assets measured at fair value through profit and loss	782,310,168	(782,310,168)	-
Investment property	9,352,306	(9,352,306)	-
Due from shareholders	98,750,239	(98,750,239)	-
Assets directly associated with assets classified as held for sale - takaful operations	-	1,154,180,724	1,154,180,724
Total takaful operations' assets	1,154,180,724	-	1,154,180,724
TAKAFUL OPERATIONS' LIABILITIES			
Trade and other payables & accruals	22,945,613	(22,945,613)	-
Takaful payables	83,640,006	(83,640,006)	-
Takaful contract liabilities:			
Unearned contribution and unexpired risk reserves	96,363,273	(96,363,273)	-
Claims reported unsettled	95,298,668	(95,298,668)	-
Mathematical reserve	5,220,233	(5,220,233)	-
Claims incurred but not reported	52,142,087	(52,142,087)	-
Unallocated loss adjustment expenses	3,521,639	(3,521,639)	-
Unit linked liabilities	782,291,146	(782,291,146)	-
Deferred discount	5,050,033	(5,050,033)	-
Amounts held under retakaful treaties	7,198,798	(7,198,798)	-
Liabilities directly associated with assets classified as held for sale - takaful operations	-	1,154,180,724	1,154,180,724
Total takaful operations' liabilities	1,153,671,496	509,228	1,154,180,724
TAKAFUL OPERATIONS' SURPLUS			
Deficit in takaful operations' fund	(45,681,014)	45,681,014	-
Qard Hassan from Shareholders	45,681,014	(45,681,014)	-
Retakaful default reserve	2,789,593	(2,789,593)	-
Takaful operations' investments revaluation reserve	(2,280,365)	2,280,365	-
Total surplus from takaful operations	509,228	(509,228)	-
Total takaful operations liabilities and surplus	1,154,180,724	-	1,154,180,724

31 Correction of an error (continued)

The below amounts as presented in the consolidated statement of profit or loss have been reclassified to discontinued operations:

Consolidated statement of profit or loss	31 December 2022
	AED
Attributable to policyholders	
Takaful income	
Gross takaful contributions	253,541,442
Retakaful share of gross takaful contributions	(136,573,840)
Net takaful contributions written	116,967,602
Change in unearned contributions and unexpired risk reserves – net	(1,153,604)
Change in mathematical reserve - net	(1,166,507)
Net takaful contributions earned	114,647,491
Discount received on ceded Retakaful	16,995,865
Policy fees	686,302
Total takaful income	132,329,658
Takaful expenses	
Gross claims paid	(137,512,703)
Retakaful share of gross claims paid	40,844,341
Net takaful claims	(96,668,362)
Change in provision for claims reported unsettled – net	1,091,632
Change in incurred but not reported claims – net	(3,268,789)
Change in unallocated loss adjustment expenses reserve	151,916
Net claims incurred	(98,693,603)
Net takaful income	33,636,055
Wakala fees	(67,569,542)
Investment income	(892,100)
Net loss from takaful operation for the year	(34,825,587)
Provision against Qard Hassan to policyholders	30,576,654
Net deficit from takaful operation for the year reclassified to discontinued operations	(4,248,933)

32 Consolidated statement of financial position - shareholders and takaful operations' assets and liabilities

	2023 AED	2022 AED
ASSETS		
Takaful operations assets		
Cash and cash equivalents	**7,604,850**	56,659,604
Retakaful contract assets:		
Unearned contribution and unexpired risk reserves	**19,896,735**	32,746,791
Claims reported unsettled	**63,071,479**	76,039,891
Mathematical reserve	**2,681,288**	3,914,042
Claims incurred but not reported	**17,061,423**	30,915,329
Takaful receivables	**27,072,317**	63,492,354
Financial assets measured at fair value through profit and loss (FVTPL)	**705,689,325**	782,310,168
Investment property	**10,829,971**	9,352,306
Due from shareholders	**56,184,443**	98,750,239
Total takaful operations' assets	**910,091,831**	1,154,180,724
Shareholders' assets		
Cash and cash equivalents	**49,147,395**	76,163,974
Statutory deposit	**10,000,000**	10,000,000
Financial assets carried at fair value through other comprehensive income (FVOCI)	**28,551,222**	31,384,607
Financial assets carried at fair value through profit and loss (FVTPL)	**21,269,687**	82,679
Prepayments and other receivables	**31,756,968**	49,269,088
Deferred policy acquisition costs	**589,103**	8,698,704
Investment property	**47,070,029**	40,647,694
Property and equipment	**64,982**	150,018
Assets under discontinued operations	**1,583,321**	1,583,321
Total shareholders assets	**190,032,707**	217,980,085
Total assets	**1,100,124,538**	1,372,160,809

32 Consolidated statement of financial position - shareholders and takaful operations' assets and liabilities (continued)

	2023 AED	2022 AED
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT		
Takaful operations liabilities		
Trade and other payables	**11,742,826**	22,945,613
Takaful payables	**48,935,447**	83,640,006
Takaful contract liabilities:		
Unearned contribution and unexpired risk reserves	**22,141,698**	96,363,273
Claims reported unsettled	**65,631,644**	95,298,668
Mathematical reserve	**5,380,437**	5,220,233
Claims incurred but not reported	**41,073,230**	52,142,087
Unallocated loss adjustment expenses	**818,496**	3,521,639
Unit linked liabilities	**705,670,303**	782,291,146
Deferred discount	**1,397,130**	5,050,033
Amounts held under retakaful treaties	**2,272,073**	7,198,798
Total takaful operations' liabilities	**905,063,284**	1,153,671,496
Takaful operations' deficit		
Deficit in takaful operations' fund	**(21,836,796)**	(45,681,014)
Qard Hassan from shareholders	**26,032,226**	45,681,014
Retakaful default reserve	**3,113,482**	2,789,593
Takaful operations' investments revaluation reserve	**(2,280,365)**	(2,280,365)
Total surplus from takaful operations	**5,028,547**	509,228
Total takaful operations' liabilities and surplus	**910,091,831**	1,154,180,724
SHAREHOLDERS' LIABILITIES AND EQUITY		
Shareholders' liabilities		
Provision for employees' end of service benefits	**2,313,166**	5,456,780
Trade and other payables	**43,388,320**	23,638,479
Due to takaful operations	**56,184,443**	98,750,239
Liabilities directly associated with assets under discontinued operations	**12,947,356**	12,947,356
Total shareholders' liabilities	**114,833,285**	140,792,854
Shareholders' equity		
Share capital	**225,750,000**	225,750,000
Legal reserve	**6,420,521**	6,309,669
General reserve	**6,420,521**	6,309,669
Investments revaluation reserve - FVOCI	**(18,853,358)**	(13,151,220)
Accumulated losses	**(143,212,289)**	(146,704,914)
Equity attributable to shareholders of the Company	**76,525,395**	78,513,204
Non-controlling interest	**(1,325,973)**	(1,325,973)
Total equity	**75,199,422**	77,187,231
Total shareholders' liabilities and equity	**190,032,707**	217,980,085
Total takaful operations liabilities and deficit, shareholders' liabilities and equity	**1,100,124,538**	1,372,160,809

32a Consolidated statement of profit or loss– attributable to shareholders and takaful operations

	2023 AED	2022 AED
Attributable to takaful operations		
Takaful income		
Gross takaful contributions	**69,982,800**	253,541,442
Retakaful share of gross takaful contributions	**(64,777,931)**	(136,573,840)
Net takaful contributions written	**5,204,869**	116,967,602
Change in unearned contributions and unexpired risk reserves – net	**61,371,519**	(1,153,604)
Change in mathematical reserve - net	**(1,398,359)**	(1,166,507)
Net takaful contributions earned	**65,178,029**	114,647,491
Discount received on ceded Retakaful	**8,913,450**	16,995,865
Policy fees	**1,121,908**	686,302
Total takaful income	**75,213,387**	132,329,658
Takaful expenses		
Gross claims paid	**(87,348,066)**	(137,512,703)
Retakaful share of gross claims paid	**25,660,623**	40,844,341
Net takaful claims	**(61,687,443)**	(96,668,362)
Change in provision for claims reported unsettled – net	**16,698,612**	1,091,632
Change in incurred but not reported claims – net	**(2,785,049)**	(3,268,789)
Change in unallocated loss adjustment expenses reserve	**2,703,143**	151,916
Net claims incurred	**(45,070,737)**	(98,693,603)
Net takaful income	**30,142,650**	33,636,055
Wakala fees	**(7,148,246)**	(67,569,542)
Investment income	**1,564,937**	(892,100)
Mudarib's share	**(391,234)**	-
Net loss from takaful operation for the year	**24,168,107**	(34,825,587)
Attributable to shareholders		
Income		
Wakala fees	**7,148,246**	67,569,542
Mudarib's share	**391,234**	-
Investment income	**(3,037,279)**	969,727
Other operating income	**4,541,742**	7,747,892
	9,043,943	76,287,161
Expenses		
Policy acquisition cost	**(12,519,505)**	(28,613,645)
General and administrative expenses	**(15,064,705)**	(27,219,787)
Contributions from Qard Hassan to takaful operations	**19,648,788**	(30,576,654)
Total expenses	**(7,935,422)**	(86,410,086)
Profit/(loss) for the year from continuing operations	**1,108,521**	(10,122,925)
Loss for the year from discontinued operations	**-**	(38,831)
Profit/(loss) for the year	**1,108,521**	(10,161,756)
Attributable to:		
Shareholders of the Company	**1,108,521**	(10,162,873)
Non-controlling interest	**-**	1,117
	1,108,521	(10,161,756)
Earnings/(loss) per share	**0.005**	(0.045)

32b Consolidated statement of comprehensive income – attributable to shareholders and takaful operations

	2023 AED	2022 AED
Attributable to takaful operations		
Surplus/(deficit) from takaful operations for the year	**24,168,107**	(34,825,587)
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets carried at fair value through other comprehensive income	**-**	1,434,712
Total comprehensive income/(loss) for the year attributable to takaful operations	**24,168,107**	(33,390,875)
Attributable to shareholders:		
Profit/(loss) for the year	**1,108,521**	(10,161,756)
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss:		
Transfer of realised gain on sale of financial assets carried at fair value through other comprehensive income	**(3,010,494)**	-
Changes in fair value of financial assets carried at fair value through other comprehensive income	**(2,691,644)**	1,008,726
Other comprehensive (loss)/income for the year	**(5,702,138)**	1,008,726
Total comprehensive income/(loss) for the year	**(4,593,617)**	(9,153,030)
Attributable to:		
Shareholders of the Company	**(4,593,617)**	(9,154,147)
Non-controlling interest	**-**	1,117
	(4,593,617)	(9,153,030)

33 CONSOLIDATED STATEMENT OF FINANCIAL POSITION – TAKAFUL OPERATIONS' ASSETS AND LIABILITIES (LIFE AND NON-LIFE)

	2023 Total	2023 Non-life	2023 Life	2022 Total	2022 Non-life	2022 Life
TAKAFUL OPERATIONS' ASSETS						
Cash and cash equivalents	**7,604,850**	**5,378,812**	**2,226,038**	56,659,604	45,390,344	11,269,260
Retakaful contract assets						
Unearned contribution and unexpired risk reserves	**19,896,735**	**19,820,945**	**75,790**	32,746,791	22,576,638	10,170,153
Claims reported unsettled	**63,071,479**	**60,838,087**	**2,233,392**	76,039,891	72,450,134	3,589,757
Mathematical reserve	**2,681,288**	**-**	**2,681,288**	3,914,042	-	3,914,042
Claims incurred but not reported	**17,061,423**	**12,836,454**	**4,224,969**	30,915,329	26,250,728	4,664,601
Takaful receivables	**27,072,317**	**24,571,577**	**2,500,740**	63,492,354	51,325,290	12,167,064
Financial assets measured at fair value through profit or loss (FVTPL)	**705,689,325**	**19,022**	**705,670,303**	782,310,168	19,022	782,291,146
Investment property	**10,829,971**	**10,829,971**	**-**	9,352,306	9,352,306	-
Due from shareholders	**56,184,443**	**43,294,110**	**12,890,333**	98,750,239	85,114,636	13,635,603
Total takaful operations' assets	**910,091,831**	**177,588,978**	**732,502,853**	1,154,180,724	312,479,098	841,701,626
TAKAFUL OPERATIONS' LIABILITIES						
Trade and other payables	**11,742,826**	**11,742,826**	**-**	22,945,613	22,945,613	-
Takaful payables	**48,935,447**	**36,402,100**	**12,533,347**	83,640,006	54,424,351	29,215,655
Takaful contract liabilities:						
Unearned contribution and unexpired risk reserves	**22,141,698**	**22,042,804**	**98,894**	96,363,273	83,092,782	13,270,491
Claims reported unsettled	**65,631,644**	**62,886,224**	**2,745,420**	95,298,668	90,915,676	4,382,992
Mathematical reserve	**5,380,437**	**-**	**5,380,437**	5,220,233	-	5,220,233
Claims incurred but not reported	**41,073,230**	**35,861,409**	**5,211,821**	52,142,087	46,673,272	5,468,815
Unallocated loss adjustment expenses	**818,496**	**794,090**	**24,406**	3,521,639	3,443,158	78,481
Unit linked liabilities	**705,670,303**	**-**	**705,670,303**	782,291,146	-	782,291,146
Deferred discount	**1,397,130**	**1,390,632**	**6,498**	5,050,033	4,091,572	958,461
Amounts held under retakaful treaties	**2,272,073**	**2,272,073**	**-**	7,198,798	7,198,798	-
Total takaful operations' liabilities	**905,063,284**	**173,392,158**	**731,671,126**	1,153,671,496	312,785,222	840,886,274
TAKAFUL OPERATIONS' DEFICIT						
(Deficit) / surplus in takaful operations' fund	**(21,836,796)**	**4,195,430**	**(26,032,226)**	(45,681,014)	(19,142,509)	(26,538,505)
Qard Hassan from shareholders	**26,032,226**	**-**	**26,032,226**	45,681,014	19,142,509	26,538,505
Retakaful default reserve	**3,113,482**	**2,281,755**	**831,727**	2,789,593	1,974,241	815,352
Takaful operations' investments revaluation reserve	**(2,280,365)**	**(2,280,365)**	**-**	(2,280,365)	(2,280,365)	-
Total surplus/(deficit) from takaful operations	**5,028,547**	**4,196,820**	**831,727**	509,228	(306,124)	815,352
Total takaful operations liabilities and deficit	**910,091,831**	**177,588,978**	**732,502,853**	1,154,180,724	312,479,098	841,701,626

34 CONSOLIDATED STATEMENT OF PROFIT OR LOSS - LIFE AND NON-LIFE

	2023 Total	**2023 Non-life**	**2023 Life**	2022 Total	2022 Non-life	2022 Life
Takaful income						
Gross takaful contributions	**69,982,800**	**65,683,073**	**4,299,727**	253,541,442	204,147,078	49,394,364
Retakaful share of gross takaful contributions	**(64,777,931)**	**(61,502,929)**	**(3,275,002)**	(136,573,840)	(95,507,439)	(41,066,401)
Net takaful contributions written	**5,204,869**	**4,180,144**	**1,024,725**	116,967,602	108,639,639	8,327,963
Change in unearned contributions and unexpired risk reserves – net	**61,371,519**	**58,294,285**	**3,077,234**	(1,153,604)	810,163	(1,963,767)
Change in mathematical reserve - net	**(1,398,359)**	**-**	**(1,398,359)**	(1,166,507)	-	(1,166,507)
Net takaful contributions earned	**65,178,029**	**62,474,429**	**2,703,600**	114,647,491	109,449,802	5,197,689
Discount received on ceded Retakaful	**8,913,450**	**7,680,684**	**1,232,766**	16,995,865	13,867,718	3,128,147
Policy fees	**1,121,908**	**370,026**	**751,882**	686,302	684,589	1,713
Total takaful income	**75,213,387**	**70,525,139**	**4,688,248**	132,329,658	124,002,109	8,327,549
Takaful expenses						
Gross claims paid	**(87,348,066)**	**(75,189,339)**	**(12,158,727)**	(137,512,703)	(117,841,335)	(19,671,368)
Retakaful share of gross claims paid	**25,660,623**	**15,654,743**	**10,005,880**	40,844,341	23,955,735	16,888,606
Net takaful claims	**(61,687,443)**	**(59,534,596)**	**(2,152,847)**	(96,668,362)	(93,885,600)	(2,782,762)
Change in provision for claims reported unsettled – net	**16,698,612**	**16,417,405**	**281,207**	1,091,632	1,414,430	(322,798)
Change in incurred but not reported claims – net	**(2,785,049)**	**(2,602,411)**	**(182,638)**	(3,268,789)	(3,136,766)	(132,023)
Change in unallocated loss adjustment expenses reserve	**2,703,143**	**2,649,068**	**54,075**	151,916	173,927	(22,011)
Net claims incurred	**(45,070,737)**	**(43,070,534)**	**(2,000,203)**	(98,693,603)	(95,434,009)	(3,259,594)
Net takaful income	**30,142,650**	**27,454,605**	**2,688,045**	33,636,055	28,568,100	5,067,955
Wakala fees	**(7,148,246)**	**(4,982,855)**	**(2,165,391)**	(67,569,542)	(51,272,774)	(16,296,768)
Investment income	**1,564,937**	**1,564,937**	**-**	(892,100)	(892,100)	-
Mudarib's share	**(391,234)**	**(391,234)**	**-**	-	-	-
Net profit from takaful operation for the year	**24,168,107**	**23,645,453**	**522,654**	(34,825,587)	(23,596,774)	(11,228,813)
(Provision)/recovery against Qard Hassan to policyholders	**(19,648,788)**	**(19,142,509)**	**(506,279)**	30,576,654	19,142,509	11,434,145
Net loss from takaful operation for the year	**4,519,319**	**4,502,944**	**16,375**	(4,248,933)	(4,454,265)	205,332

35 Gross written contributions

Details relating to gross written premium are disclosed below to comply with the requirements of CBUAE.

31 December 2023	**Life Takaful AED'000**	**Fund Accumulation AED'000**	**Medical Takaful AED'000**	**Property & Liability AED'000**	**All types of Business Combined AED'000**
Direct written contributions	**4,300**	**163,657**	**1,935**	**62,247**	**232,139**
Assumed business					
Foreign	**-**	**-**	**-**	**-**	**-**
Local	**-**	**-**	**2**	**1,499**	**1,501**
Total assumed business	**-**	**-**	**2**	**1,499**	**1,501**
Gross written contributions	**4,300**	**163,657**	**1,937**	**63,746**	**233,640**

* The fund accumulation amount represents the collections of contributions written in previous years and it included an amount of AED 8,909 thousand related to collections occurred and not reported in previous years.

31 December 2022	Life Takaful AED'000	Fund Accumulation AED'000	Medical Takaful AED'000	Property & Liability AED'000	All types of Business Combined AED'000
Direct written contributions	49,394	176,727	73,226	128,256	427,603
Assumed business					
Foreign	-	-	-	-	-
Local	-	-	212	2,454	2,666
Total assumed business	-	-	212	2,454	2,666
Gross written contributions	49,394	176,727	73,438	130,710	430,269

36 Corporate income tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax-related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 - *Income Taxes*. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

Based on the assessment conducted by the Group, it has been determined that the CT Law does not have any effect on deferred taxes in the consolidated financial statements for the year ending on 31 December 2023. Moving forward, the Group intends to continue to assess the potential influence of the CT Law on its consolidated financial statements, particularly focusing on both current and deferred tax implications, in light of any further explanations and instructions regarding the application of the CT Law. The Group will be subject to taxation commencing 1 January 2024.

37 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2023 were authorized for issuance in accordance with a resolution of the Board of Directors on 30 March 2024.