Methaq Takaful Insurance - P S C

Abu Dhabi - United Arab Emirates

Reports and consolidated financial statements
For the year ended 31 December 2025

Methaq Takaful Insurance - P S C
Abu Dhabi - United Arab Emirates

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Methaq Takaful Insurance - P S C

Abu Dhabi - United Arab Emirates
General information

Principal office address	:	Liwa Tower, ADNEC Area, M Floor P.O. Box: 32774 Abu Dhabi, United Arab Emirates
Website	:	https://methaq.ae/
The Directors:	:	Name Dr. Ibrahim Mohamed Al Dabal Mr. Riyad Mohamed Al Shibani Mr. Jasim Mohamed Alblooshi Mr. Mohamed Ali Al Alyak Mr. Saleh Mohamed Al Tunaiji Mr. Abdullah Khalil Al Bannai Mrs. Hamda Hamad Al Hammadi Mr. Sultan Rashid Al Zaabi Mr. Amro Mohamed Saleh
The Auditor	:	Crowe Mak P.O. Box: 109460 Abu Dhabi - United Arab Emirates
Main Bank	:	Dubai Islamic Bank

On behalf of the Board of Directors, I am pleased to present to you the consolidated financial statements of Methaq Takaful Insurance - P S C (the "Company") and its subsidiary (collectively the "Group") as at 31 December 2025.

The Group achieved better financial performance in 2025 compared to 2024. Takaful revenues increased by more than 54% to AED 706 million in the current year as compared to AED 458 million in the previous year. On the other hand, takaful service expense increased by 34% to AED 723 million in the current year as compared to AED 538 million in the previous year.

Net losses increased by 22% to AED 98 million in the current year as compared to AED 80 million in the previous year. Excluding the impact of one-off adjustments amounting to AED 45 million, the Group's net losses for the current year would have been AED 54 million. This continuous progress is the result of the comprehensive restructuring process the Group has been implementing for the last two years and we expect further achievements in the next quarters of 2026 by focusing efforts on achieving strong underwriting results and developing the Group's portfolio through diversification of distribution channels and leveraging new products.

In conclusion, the Board of Directors expresses its confidence in the Group's ability to overcome the current situation and achieve outstanding results in the coming years. The Board also extends its sincere thanks and appreciation to all our clients and business partners for their continued trust in the Group. We also thank the management and all employees for their efforts in supporting the Group move forward positively.

On behalf of the board of Directors,

Dr. Ibrahim Mohamed Al Dabal
Chairman

29 July 2026

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Independent Auditor's Report

To,
The Shareholders
Methaq Takaful Insurance - P S C
Abu Dhabi - United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Methaq Takaful Insurance - P S C (the "Company") and its subsidiary (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Adverse Opinion

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that the Group incurred a loss of AED 98,704,325 for the year ended 31 December 2025 (31 December 2024: AED 80,948,355) and had accumulated losses of AED 1,068,760,258 as at that date (31 December 2024 (restated) : AED 969,708,439), which represents 563% (31 December 2024 (restated): 646%) of the Group's net share capital. Additionally, as disclosed in Note 35 to the consolidated financial statements, the Group has MCR Solvency Deficit, SCR Solvency Deficit, and MGF Solvency Deficit in solvency capital requirements, as at 31 December 2025, as stipulated by the Central Bank of the U.A.E. by the amounts of AED 1,248,083,917, AED 1,333,406,987 and AED 1,315,924,257, respectively.

Further, as disclosed in Note 30 to the consolidated financial statements, the Group has recognised deferred tax asset amounting to AED 16,447,976 during the current year, including deferred tax asset arising from prior year tax losses. In our opinion, the recognition of this deferred tax asset is not supported by sufficient appropriate audit evidence demonstrating the availability of probable future taxable profits against which the deferred tax asset can be utilised, as required IAS 12 "Income Taxes".

The Group is working under a significant risk of losses and cash flow deficiency and might not be able to meet its financial obligations for the subsequent 12 months in case it fails to generate sufficient cash flows through the operating activities or return on its investments. While management has prepared a recovery plan and financial projections to support the use of the going concern basis, we were unable to obtain sufficient appropriate audit evidence to assess the feasibility and effectiveness of these plans and assumptions.

Registered with the Department of Economic Development, Abu Dhabi (CN-1046241) as a branch of Dubai Firm
المسجلة لدى دائرة التنمية الاقتصادية في أبو ظبي (سي ان-١٠٤٦٢٤١) كفرع من شركة دبي

Independent Auditor's Report
To the Shareholders of Methaq Takaful Insurance - P S C
Report on the Audit of the Consolidated Financial Statements (continued)

Basis for Adverse Opinion (continued)

These events, together with the other matters set forth in Note 2, indicate the existence of material uncertainties that cast significant doubt on the Group's ability to continue as a going concern. We believe that the going concern basis of preparation of the consolidated financial statements is not appropriate, and the adjustments that might be required to the consolidated financial statements in relation to this matter have not been determined.

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

Emphasis of matter paragraph

We draw attention to Note 28 to the accompanying consolidated financial statements, which describes that in February 2026, the Company received notifications from the UAE Federal Tax Authority ("FTA") in connection with a VAT audit covering the period from January 2018 to December 2020. As detailed in the note, the FTA issued a Tax Assessment Decision dated 25 February 2026, assessing additional value-added tax payable of AED 4,384,094, along with an Administrative Penalty Assessment Decision imposing penalties amounting to AED 8,839,895, relating to the same periods. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is this matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statement of the current year. This matter was 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 this matter. Except for the matter described in the Basis for Adverse Opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Takaful Contract Liabilities, Retakaful Contract Liabilities and Retakaful Contract Assets	
As at 31 December 2025, the Group's Takaful Contract Liabilities, Retakaful contract liabilities and Retakaful contract assets are valued at AED 1,205,007,807, AED 3,427,950 and AED 168,672,199 respectively (refer note 12). Valuation of Takaful contract liabilities, Retakaful contract liabilities and Retakaful contract assets involves significant judgements and estimates particularly with respect to estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims and its related retakaful assets. These cash flows primarily include determination of expected contributions receipts, expected ultimate cost of claims and allocation of takaful acquisition cash flows which are within the contract boundaries. The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of discount rates, methodology, assumptions and data used to determine the estimated present value of future cash flows pertaining to liability for remaining coverage (LRC), liability for incurred claims (LIC) and risk adjustment for non-financial risk. As a result of the above factors, we consider valuation of takaful contract liabilities, retakaful contract liabilities and retakaful contract assets as a key audit matter.	We performed the following procedures in conjunction with our actuarial specialists: • Understood, evaluated and tested key controls around claims and contributions administration and valuation of technical takaful reserves; • Evaluated the competence, capabilities and objectivity of the management's actuarial expert based on their professional qualifications and experience and assessed their independence; • Tested the completeness, and on a sample basis, the accuracy and relevance of data used to determine future cashflows; • Tested and reconciled key data inputs into the IFRS 17 engine with primary takaful data and reconciled IFRS 17 engine output numbers to the consolidated financial statements and actuarial reports; • Engaged our actuarial specialist to assess the methodology and reasonableness of the key assumptions and judgments used by the management in determining the technical takaful reserves; • Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied; • Evaluated and tested the calculation of the allowance for expected credit loss including the data, key assumptions and judgments used and • Assessed the adequacy and appropriateness of disclosures made in the consolidated financial statements.

Independent Auditor's Report
To the Shareholders of Methaq Takaful Insurance - P S C
Report on the Audit of the Consolidated Financial Statements (continued)

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor, who expressed an adverse opinion on those consolidated financial statements on 22 September 2025.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of 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 Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021, Federal Decree-Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business and Central Bank of the UAE Board of Directors' Decision No. (26) of 2014 pertinent to the Financial Regulations for Takaful Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of 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.

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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.

Independent Auditor's Report
To the Shareholders of Methaq Takaful Insurance - P S C
Report on the Audit of the Consolidated Financial Statements (continued)
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements(continued)

- 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.

- Conclude on the appropriateness of management's use of 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

We communicate with 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements
Except for the matters reported under the Basis for Adverse Opinion section and as required by the UAE Federal Decree 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 Decree Law No. 32 of 2021 and Articles of Association of the Company.
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) Notes 25 to the consolidated financial statements disclose purchase of securities by the Group during the year ended 31 December 2025.

Independent Auditor's Report
To the Shareholders of Methaq Takaful Insurance - P S C
Report on the Audit of the Consolidated Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

vi) Note 17 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted.

vii) The Group has not made any social contributions during the year ended 31 December 2025.

viii) The Group's cumulative losses have reached more than half of its issued share capital and as required Under Article 309 of UAE Federal Decree-Law No. 32 of 2021 on Commercial Companies, the Board of Directors should convene a General Assembly within 30 days of annual financial statements to decide on the continuation or dissolution and liquidation of the Company. As at the date of this report, no such General Assembly has been convened.

As per the requirements of Securities and Commodities Authority (SCA) (now known as the Capital Market Authority) Board of Directors Decision No. (32/R.T) of 2019, the Group is required to submit to the Securities and Commodities Authority (SCA) (now known as the Capital Market Authority) an analysis of the accumulated losses together with the proposed corrective measures. As at the date of this report, the Group has not complied with the aforesaid requirement.

Except for the matters reported under the Basis for Adverse Opinion section and as required by Federal Decree-Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business, we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

For, Crowe Mak

Umesh Narayanappa
Partner
Registered Auditor Number: 1234
Abu Dhabi, United Arab Emirates
Date: 29 July 2026

Methaq Takaful Insurance - P S C
Abu Dhabi - United Arab Emirates

Consolidated statement of financial position as at 31 December 2025
In Arab Emirates Dirham

	Notes	31 December 2025 AED	31 December 2024 AED (Restated)	1 January 2024 AED (Restated)
Assets				
Takaful operations' assets				
Retakaful contract assets	12	**168,672,199**	150,637,080	171,577,073
Wakala deposits	13	**60,050,000**	50,000	3,010,000
Prepayments and other receivables	16	**623,854**	493,021	700,458
Restricted bank balances	13	**4,712,646**	4,938,304	24,508,708
Cash and cash equivalents	13	**17,778,241**	6,366,435	3,900,002
Total takaful operations' assets		**251,836,940**	162,484,840	203,696,241
Shareholders' assets				
Property and equipment	10	**1,475,667**	1,454,791	927,030
Intangible assets	11	**1,377,750**	-	-
Investment properties	15	**52,250,000**	58,950,000	58,950,000
Financial assets carried at fair value through profit or loss (FVTPL)	25	**3,746,938**	1,741,596	800,521
Prepayments and other receivables	16	**4,172,955**	3,101,839	2,306,138
Statutory deposit	14	**6,000,000**	6,000,000	6,000,000
Deferred tax asset	30	**16,447,976**	-	-
Wakala deposits	13	**40,375,568**	375,568	375,568
Cash and cash equivalents	13	**1,361,617**	371,074	363,425
Total shareholders' assets		**127,208,471**	71,994,868	69,722,682
Total assets		**379,045,411**	234,479,708	273,418,923
Liabilities, Policyholders' fund and Shareholders' equity				
Takaful operations' liabilities				
Takaful contract liabilities	12	**1,205,007,807**	1,022,625,306	959,040,033
Retakaful contract liabilities	12	**3,427,950**	378,478	29,098,004
Accrued expenses and other liabilities	23	**1,746,183**	4,571,810	745,801
Total takaful operations' liabilities		**1,210,181,940**	1,027,575,594	988,883,838
Shareholders' liabilities				
Employees' end of service benefits	22	**3,859,851**	3,109,695	2,679,596
Accrued expenses and other liabilities	23	**51,163,721**	31,051,200	28,163,915
Total Shareholders' liabilities		**55,023,572**	34,160,895	30,843,511
Policyholders' fund				
Deficit in policyholders' fund	24	**(1,037,162,751)**	(867,504,524)	(801,011,442)
Qard Hasan from Shareholders	24	**1,037,162,751**	867,504,524	801,011,442
Total Policyholders' fund		**-**	-	-

Consolidated statement of financial position as at 31 December 2025 (continued)

	Notes	31 December 2025	31 December 2024	1 January 2024
		AED	AED (Restated)	AED (Restated)
Shareholders' equity				
Share capital	18	**466,674,434**	150,000,000	150,000,000
Discount on share issuance	18	**(276,873,429)**	-	-
Legal reserve	19	**5,975,691**	5,975,691	5,975,691
General reserve	20	**3,095,944**	3,095,944	3,095,944
Retakaful default reserve	21	**727,517**	380,023	280,380
Accumulated losses		**(1,068,760,258)**	(969,708,439)	(888,660,441)
Investment in revaluation reserve FVTOCI	36	**(17,000,000)**	(17,000,000)	(17,000,000)
Equity attributable to Shareholders of the Parent		**(886,160,101)**	(827,256,781)	(746,308,426)
Net equity		**(886,160,101)**	(827,256,781)	(746,308,426)
Total Shareholders' liabilities and equity		**(831,136,529)**	(793,095,886)	(715,464,915)
Total Liabilities, Policyholders' fund and Shareholders' equity		**379,045,411**	234,479,708	273,418,923

The accompanying notes form an integral part of these consolidated financial statements.
The audit report of the auditor is set out on pages 3 to 8.

The consolidated financial statements on pages 9 to 56 were approved on 29 July 2026 and signed on behalf of the Group by:

Mr. Musallam Ahmed Alblooshi
Chief Executive Officer

Dr. Ibrahim Mohamed Al Dabal
Chairman

Methaq Takaful Insurance - P S C
Abu Dhabi - United Arab Emirates

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025
In Arab Emirates Dirham

	Notes	2025 AED	2024 AED (Restated)
Attributable to policyholders			
Takaful revenue	12	**706,649,214**	458,283,798
Takaful service expense	12	**(723,280,635)**	(538,970,906)
Takaful service results before retakaful contracts held		**(16,631,421)**	(80,687,108)
Allocation of retakaful contributions	12	**(61,004,814)**	(17,922,637)
Amounts recoverable from retakaful contracts	12	**33,583,869**	25,127,456
Net (expense)/income from retakaful contracts held		**(27,420,945)**	7,204,819
Takaful service result		**(44,052,366)**	(73,482,289)
Takaful finance (expense)/income for Takaful contracts issued	12	**(12,624,093)**	4,351,537
Retakaful finance (expense)/income for the retakaful contracts held	12	**(15,316,033)**	920,836
Net takaful loss		**(71,992,492)**	(68,209,916)
Wakala fees	26	**(255,311,796)**	(153,430,352)
Other expense		**-**	(2,931,545)
Deficit for the year attributable to the policyholders		**(327,304,288)**	(224,571,813)
Attributable to Shareholders			
Investment income	27	**1,909,624**	1,078,254
Net fair value gains on financial assets carried at fair value through profit or loss	25	**983,841**	941,074
Fair value loss on investment property	15	**(6,700,000)**	-
Provision for VAT assessment and penalties	28	**(13,223,989)**	-
Contribution from Qard Hassan to Policyholders' fund	24	**(327,304,288)**	(224,571,813)
Other operating income	29.2	**1,389,929**	12,060,324
Wakala fees from policyholders	26	**255,311,796**	153,430,352
Other operating expenses	29.1	**(27,519,214)**	(23,886,546)
Loss for the year before tax		**(115,152,301)**	(80,948,355)
Deferred tax credit	30	**16,447,976**	-
Loss for the year after tax		**(98,704,325)**	(80,948,355)

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 (continued)

	Notes	2025	2024
		AED	AED
			(Restated)
Loss for the year after tax		**(98,704,325)**	(80,948,355)
Other comprehensive income		-	-
Total comprehensive loss for the year		**(98,704,325)**	(80,948,355)
Loss for the year after tax		**(98,704,325)**	(80,948,355)
Basic and diluted loss per share	31	**(0.2547)**	(0.5397)

The accompanying notes form an integral part of these consolidated financial statements.
The audit report of the auditor is set out on pages 3 to 8.

Methaq Takaful Insurance - P S C
Abu Dhabi - United Arab Emirates

Consolidated statement of changes in equity for the year ended 31 December 2025
In Arab Emirates Dirham

	Share capital	Discount on share issuance	Legal reserve	General reserve	Retakaful default reserve	Accumulated losses	Investment in revaluation reserve FVTOCI	Total equity
	AED	AED	AED	AED	AED	AED	AED	AED
Balance as at 1 January 2024 (Restated)	150,000,000	-	5,975,691	3,095,944	280,380	(888,660,441)	(17,000,000)	(746,308,426)
Net loss for the year	-	-	-	-	-	(80,948,355)	-	(80,948,355)
Transfer to retakaful default reserve	-	-	-	-	99,643	(99,643)	-	-
Balance as at 31 December 2024 (Restated)	150,000,000	-	5,975,691	3,095,944	380,023	(969,708,439)	(17,000,000)	(827,256,781)
Balance as at 1 January 2025 (Restated)	**150,000,000**	-	**5,975,691**	**3,095,944**	**380,023**	**(969,708,439)**	**(17,000,000)**	**(827,256,781)**
Right issue shares	**316,674,434**	**(275,823,432)**	-	-	-	-	-	**40,851,002**
Transaction cost on right issue shares	-	**(1,049,997)**	-	-	-	-	-	**(1,049,997)**
Net loss for the year	-	-	-	-	-	**(98,704,325)**	-	**(98,704,325)**
Transfer to retakaful default reserve	-	-	-	-	**347,494**	**(347,494)**	-	-
Balance as at 31 December 2025	**466,674,434**	**(276,873,429)**	**5,975,691**	**3,095,944**	**727,517**	**(1,068,760,258)**	**(17,000,000)**	**(886,160,101)**

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

The audit report of the auditor is set out on pages 3 to 8.

Methaq Takaful Insurance - P S C
Abu Dhabi - United Arab Emirates

Consolidated statement of cash flows for the year ended 31 December 2025
In Arab Emirates Dirham

	Notes	31 December 2025 AED	31 December 2024 AED (Restated)
Cash flows from operating activities			
Loss for the year before tax		**(115,152,301)**	(80,948,355)
Adjustment for:			
Depreciation on property and equipment	10	**730,195**	540,621
Amortisation on intangible assets	11	**76,150**	-
Allowance for expected credit losses	12	**25,212,075**	310,630
Change in fair value of financial assets carried at profit or loss	25	**(983,841)**	(941,074)
Change in fair value of investment properties	15	**6,700,000**	-
Charge for employees' end of service benefits	22	**853,311**	1,022,887
Operating loss before changes in operating assets and liabilities		**(82,564,411)**	(80,015,291)
(Increase)/decrease in current assets			
Retakaful contract assets	12	**(34,992,778)**	20,629,363
Prepayments and other receivables	16	**(1,201,949)**	(588,265)
Change in Restricted bank balances	13	**225,658**	19,570,404
Increase/(decrease) in current liabilities			
Takaful contract liabilities	12	**174,128,085**	63,585,273
Retakaful contract liabilities	12	**3,049,472**	(28,719,526)
Accrued expenses and other liabilities	23	**17,286,894**	6,713,294
Cash generated from operating activities		**75,930,971**	1,175,252
Employees' end-of-services benefits paid	22	**(103,155)**	(592,788)
Net cash generated from operating activities		**75,827,816**	582,464
Cash flows from investing activities			
Purchase of property and equipment	10	**(751,071)**	(1,068,382)
Purchase of intangible assets	11	**(1,453,900)**	-
Purchase of financial assets carried at fair value through profit or loss (FVTPL)	25	**(1,021,501)**	-
(Increase)/decrease in wakala deposits	13	**(100,000,000)**	2,960,000
Net cash (used)/generated from investing activities		**(103,226,472)**	1,891,618
Cash flows from financing activities			
Proceeds from right issue of shares	18	**39,801,005**	-
Net cash generated from financing activities		**39,801,005**	-
Net increase in cash and cash equivalents		**12,402,349**	2,474,082
Cash and cash equivalents at the beginning of the year		**6,737,509**	4,263,427
Cash and cash equivalents at the end of the year		**19,139,858**	6,737,509

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

The audit report of the auditor is set out on pages 3 to 8.

1 Corporate information

Methaq Takaful Insurance - P S C (the "Company") is a public shareholding company registered with the Department of Economic Development - Abu Dhabi, United Arab Emirates. The Company was incorporated in the Emirate of Abu Dhabi on 24 March 2008 with a business license number CN -1142419 and is registered in the Insurance Companies Register of the Central Bank of the UAE, under registration number 082.

The Company's principal activities are accidents and civil responsibility insurance, fire insurance, land, marine and air transportation dangers insurance, reinsurance, health insurance and onshore and offshore oil and gas fields and facilities services.

During the year 2025, Federal Decree-Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business was issued, effective 16 September 2025, repealing Federal Decree Law No. (48) of 2023. Pursuant to Article 184 of CBUAE Law, the Group has a period of one year from the effective date to align its operations and governance framework with the requirements of the new legislation. The Group is currently evaluating the impact of the CBUAE Law and will implement any necessary changes within the permitted transition period.

The Company's ordinary shares are listed on Abu Dhabi Securities Exchange, however, the Company's shares are suspended from trading.

The Company operates through its head office in Abu Dhabi and branch offices in Dubai and Al Ain. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box: 32774, Abu Dhabi, United Arab Emirates.

These consolidated financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including the UAE Federal Law No. (32) of 2021.

The Company with its subsidiary are together referred to as (the "Group") in these consolidated financial statements. At 31 December 2025 and 31 December 2024, the Company has the following subsidiary:

Name of subsidiary	Country of incorporation	Principal activities	Legal and effective interests	
			December 2025	December 2024
Tazure Property - L.L.C - O.P.C	United Arab Emirates	Real estate purchase, sale and lease and management services	**100%**	100%

2 Going Concern

2.1 Assessment of going concern assumption

The consolidated financial statements, which indicates that the Group incurred a loss of AED 98,704,325 for the year ended 31 December 2025, the Group has accumulated losses of AED 1,068,760,258 which represents 563% of the Group's share capital. Additionally, as disclosed in note 35 to this consolidated financial statements, the Group has MCR Solvency Deficit, SCR Solvency Deficit, and MGF Solvency Deficit in solvency capital requirements, as at 31 December 2025, as stipulated by the Central Bank of the UAE by the amounts of AED 1,248,083,917, AED 1,333,406,987 and AED 1,315,924,257, respectively. These events indicate that material uncertainty exists that casts significant doubt on the Group's ability to continue as a going concern. The assessment is supported by the strategic direction and financial projections outlined in the recovery plan for the period 2025–2029. Management believes that the Group's future operations will be sufficient to support its business and meet its obligations as they fall due. A recovery plan has been prepared demonstrating significant improvement over the period 2025–2029, driven by increased capital, improved operating results, and the repayment of the interest-free loan. This improvement will be achieved alongside the implementation of a set of measures aimed at enhancing operational performance and strengthening the reinsurance strategy across each line of insurance business.

In the absence of the Group's ability to successfully implement management's planned measures, including the recovery plan submitted to the Central Bank of the UAE (CBUAE), the use of going concern basis would be invalid and adjustments would have to be made to reduce the values of the assets as presented in the Consolidated statement of financial position to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. Notwithstanding these facts, the consolidated financial statements of the Group have been prepared on a going-concern basis based on the recovery plan approved by the management.

Further, the Group is in the process of conducting formal analysis of accumulated losses, the reasons that led to these accumulated losses, their date and the actions that will be taken to address them in accordance with the requirements of the Securities and Commodities Authority (SCA) (now known as the Capital Market Authority) Board of Directors Decision No. (32/R.T) of 2019.

On 30 March 2023, the Central Bank of the UAE (CBUAE) decided to discharge the Board of Directors of the Group. In its place, a temporary Committee of experts was appointed for an initial six-month term, with the possibility of extending the term. Subsequently, the committee was replaced by a new Board of Directors, which was elected at the Annual General Meeting held on 24 April 2025.

Except as noted in the Basis for Adverse Opinion paragraph, these consolidated financial statements have been prepared in accordance with IFRS promulgated by the 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 Federal Decree-Law No. (6) of 2025 regarding the Central Bank, the Regulation of Financial Institutions and Activities, and Insurance Business and regulation of its operations.

3 Basis of preparation

These consolidated financial statements of the Group 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); and
- Investment properties on revaluation basis

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, prepaid expenses and other assets, term deposits, investments carried at fair value through profit or loss (FVTPL), other payables and accrued expenses and other liabilities. The following balances would generally be classified as non-current: property and equipment, investment properties, employees' end of service benefits and statutory deposits. The following balances are of mixed nature (including both current and non-current portions): financial assets, retakaful contract assets, retakaful contract liabilities and takaful contract liabilities. Further, the presentation of the line items in the Statement of Financial Position and the Statement of profit or loss is in accordance with financial statement forms as prescribed in Financial Regulations for Takaful Companies.

4 Functional and reporting currency

The consolidated financial statements are presented in United Arab Emirates Dirham ("AED") being the functional and presentation currency of the Group and all values are rounded to the nearest dirham except where otherwise indicated.

5 Basis of consolidation

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 35.

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

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

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

The Company has control over its subsidiary 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 subsidiary mentioned in note 1.

The Company 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 Company obtains control over the subsidiary and ceases when the Company 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 Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income is 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 the subsidiary to bring its 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 in the consolidated financial statements.

6 Application of new and revised Standards

6.1 New and amended Standards that are effective for the current year

Management has adopted the new and amended IFRS standards in the current period and believes that these standards do not have material impact on these consolidated financial statements unless mentioned above.

New and revised Standards	*Effective for annual periods beginning on or after*
Lack of exchangeability – Amendments to IAS 21	1 January 2025

6.2 New and revised Standards in issue but not yet effective

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

New and revised Standards	*Effective for annual periods beginning on or after*
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of assets between an Investor and its Associate or Joint Venture:	No effective date yet
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027

7 Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are summarised below :

7.1 IFRS 17 "Insurance contracts"

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

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

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group's takaful contracts. The Group was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

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

7 Material accounting policies (continued)

7.1 IFRS 17 "Insurance contracts" (continued)

Changes to classification and measurement (continued)

The Group applies the PAA to simplify the measurement of all of its takaful and retakaful contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.
Income and expenses from retakaful contracts other than takaful finance income and expenses are now presented as a single net amount in the consolidated statement of profit or loss and other comprehensive income. Previously, amounts recovered from reinsurers and retakaful expenses were presented separately.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects contributions received less deferred acquisition expenses and fewer amounts recognised in revenue for takaful services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the contribution due date and the related period of coverage are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision); and
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk.

Changes to presentation and disclosure
For presentation in the consolidated statement of financial position, the Group aggregates takaful and retakaful contracts issued, and retakaful contracts held, respectively and presents separately:

- Groups of takaful and retakaful contracts issued that are assets;
- Groups of takaful and retakaful contracts issued that are liabilities;
- Groups of retakaful contracts held that are assets; and
- Groups of retakaful contracts held that are liabilities.

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. The line-item descriptions in consolidated statement of profit or loss and other comprehensive income have been changed significantly compared with prior years. Previously, the Group reported the following line items:

- Gross contributions written
- Net takaful contributions
- Changes in net unearned contribution reserve and unearned subscription reserve
- Gross takaful claims
- Net takaful claims

Instead, IFRS 17 requires separate presentation of:

- Takaful revenue;
- Takaful service expenses;
- Takaful finance (expense)/income for Takaful contracts issued; and
- Retakaful finance (expense)/ income for the retakaful contracts held.

The Group provides disaggregated qualitative and quantitative information about:

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

7 Material accounting policies (continued)

7.1 IFRS 17 "Insurance Contracts" (continued)

Changes to classification and measurement (continued)

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable.

The Group has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each consolidated financial statements line item and EPS. The effects of adopting IFRS 17 on the consolidated financial statements at 1 January 2023 were presented in the consolidated statement of changes in shareholders' equity in prior year.

Takaful and retakaful contracts classification

The Group issues takaful contracts in the normal course of business, under which it accepts significant takaful risk from its policyholders. As a general guideline, the Group determines whether it has significant takaful risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Takaful contracts can also transfer financial risk.

Takaful and retakaful contracts accounting treatment

Separating components from takaful and retakaful contracts

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

Some retakaful contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the takaful component of the retakaful contracts and are, therefore, non-distinct investment components that are not accounted for separately. However, receipts and payments of these investment components are recognised outside of consolidated statement of profit or loss and other comprehensive income.

Level of aggregation

IFRS 17 requires a group to determine the level of aggregation for applying its requirements. The Group previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for the level of aggregation purposes may contain contracts issued more than one year apart. The Group has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

7 Material accounting policies (continued)

7.1 IFRS 17 "Insurance contracts" (continued)

Level of aggregation (continued)

The Group applied a Full retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes.

Hence, within each quarter of the issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently
- A group of the remaining contracts in the portfolio (if any)

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

The Management meets at regular intervals to determine the profitability groupings of each portfolio of contracts. The management acts as a forum to collect input from the pricing and underwriting functions and assess the relevant facts and circumstances which indicate that groups of contracts are onerous at initial recognition.

Below are some of the relevant facts and circumstances that the Group considers:

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

The Group divides portfolios of retakaful contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of retakaful contracts held, a group can comprise a single contract.

Recognition

The Group recognises groups of takaful contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Group recognises a group of retakaful contracts held:
- If the retakaful contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group, the Group adds new contracts to the group when they are issued or initiated.

Contract boundary

The Group includes in the measurement of a group of takaful contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a takaful contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the contributions, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

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

Both of the following criteria are satisfied:

- The Group has the practical ability to reassess the risks of the portfolio of takaful contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the contributions for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected contributions or claims outside the boundary of the takaful contract is not recognised. Such amounts relate to future takaful contracts.

7 Material accounting policies (continued)

7.1 IFRS 17 "Insurance Contracts" (continued)

Measurement – Premium Allocation Approach

Takaful contracts – initial measurement

The Group applies the premium allocation approach (PAA) to all the takaful contracts that it issues and retakaful contracts that it holds, as the coverage period of each contract in the group is one year or less, including coverage arising from all contribution within the contract boundary.

For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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

- The extent of future cash flows related to any derivatives embedded in the contracts;
- The length of the coverage period of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as the contributions, if any, received at initial recognition, minus any takaful acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed, plus or minus any amount arising from the derecognition at that date of the asset or liability recognised for takaful acquisition cash flows that the Group pays or receives before the group of takaful contracts is recognised. There is no allowance for time value of money as the contributions are mostly received within one year of the coverage period.

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

Takaful contracts – subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus contributions received in the period;
- Minus capitalised takaful acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the Group;
- Minus the amount recognised as takaful revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment). Takaful acquisition cash flows are allocated on a straight-line basis as a portion of contribution to consolidated statement of profit or loss and other comprehensive income (through takaful revenue).

7 Material accounting policies (continued)

7.1 IFRS 17 "Insurance Contracts" (continued)

Retakaful contracts

The subsequent measurement of retakaful contracts held follows the same principles as those for takaful contracts issued and has been adapted to reflect the specific features of retakaful held.

Takaful contracts – modification and derecognition

The Group derecognises takaful contracts when:

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

In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract. When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Takaful revenue

The takaful revenue for the year is the amount of expected contribution receipts (excluding any investment component) allocated to the period. The Group allocates the expected contribution receipts to each period of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred takaful service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

Loss components

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

Takaful finance income and expense

Takaful finance income or expenses comprise the change in the carrying amount of the group of takaful contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Group does not disaggregate takaful finance income or expenses between profit or loss and OCI. The impact of all changes are reflected through profit or loss.

Net income or expense from retakaful contracts held

The Group presents separately on the face of the consolidated statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the retakaful contributions paid. The Group treats retakaful cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the retakaful contract held and excludes investment components and commissions from an allocation of retakaful contributions presented on the face of the consolidated statement of profit or loss and other comprehensive income.

7 Material accounting policies (continued)

7.1 IFRS 17 "Insurance Contracts" (continued)

Profit from wakala deposits

Profit from wakala deposits is recognized in the consolidated statement of profit or loss and other comprehensive income on an accrual basis using the effective profit rate method and include all contractual fees that are an integral part of the effective profit rate.

Wakala fee

The Group manages the takaful operations on behalf of the participants for a wakala fee, which is calculated as a proportion of gross contributions.

7.2 Surplus / deficit in policyholders' fund

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

7.3 Financial instruments

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 the collection of contractual cash flows, where those cash flows represent solely payments of principal and profit on the principal amount outstanding ("SPPI"), and that are not designated at fair value through profit or loss (FVTPL), are measured at amortised cost. The carrying amount of these assets is adjusted for any expected credit loss allowance recognised and measured in accordance with the impairment policy. Profit income from these financial assets is recognised in the statement of income using an effective profit rate method.

7 Material accounting policies (continued)

7.3 Financial instruments (continued)

Financial assets (continued)

(i) Classification and subsequent measurement (continued)

- 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 profit 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, profit income and foreign exchange gains or losses, which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit or loss and recognised in "Investment income". Any gain from these financial assets is included in "Investment income" using the effective profit 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. Profit income from these assets is included in "Profit income" using the effective profit 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

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 profit 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. profit 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.

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.

7 Material accounting policies (continued)

7.3 Financial instruments (continued)

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.

Derecognition of financial assets

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

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities comprise takaful and related payables and other liabilities and are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective profit method, with profit recognized on an effective yield basis, except for short-term liabilities when the recognition of profit would be immaterial. The effective rate of return is a method of calculating the amortized cost of a financial liability and of allocating the expense over the relevant period.

The effective profit rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or where appropriate, over a shorter period, to the net carrying amount at initial recognition.

7 Material accounting policies (continued)

7.3 Financial instruments (continued)

Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled, or expires.

7.4 Revenue recognition

Takaful revenue and retakaful expenses – methods and assumptions used in the determination of the contractual service margin (CSM) to be recognized in statement of profit or loss for the Takaful contract services provided or received in the year.

For contracts measured under the General Measurement Model (GMM) in which the Group has discretion over the cash flows to be paid to the policyholders, judgement might be involved in the determination of what the Group considers its commitment on initial recognition of such contracts. Further, judgement might be required to distinguish subsequent changes in the fulfilment cash flows (FCF) resulting from changes in the Group's commitment and those resulting from changes in assumptions that relate to the financial risk on that commitment.

7.5 Property and equipment

Property and equipment held for use in the supply of goods or services, or for administrative purposes, are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. After initial recognition, the property and equipment are carried in the consolidated statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. The depreciation charge for each year is recognized in the consolidated statement of profit or loss. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group over the estimated useful lives of the assets.
The useful lives of the assets are estimated as follows:

Furniture, fixtures and office supplies	5 years
Vehicle	5 years
Computer equipment and accessories	3 years

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists. On the subsequent derecognition (sale or retirement) of the property and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the consolidated statement of profit or loss.

7.6 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

	Useful life
Software	3 years

7.7 Short term operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement.

7 Material accounting policies (continued)

7.8 Impairment of tangible and intangible assets

At the end of each reporting period, 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of 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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of 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.

7.9 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 profit or loss 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 consolidated statement of 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.

7 Material accounting policies (continued)

7.10 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 end of the reporting period, 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.

7.11 Employee benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period. Provision is also made for the full amount of end of service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labor Law, for their period of service up to the end of the reporting period. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability. Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority for pension and social security. Such contributions are charged to the consolidated statement of profit or loss during the employees' period of service.

7.12 Fair value measurement

The Group measures financial instruments such as investment in quoted equity instruments at fair value at each balance sheet date. Further, the fair values of financial instruments such as unquoted debt instruments are measured at amortized cost.

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

7 Material accounting policies (continued)

7.12 Fair value measurement (continued)

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

The management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement, such as asset held for sale. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major input applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

7.13 Foreign currencies

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences are recognized in the consolidated statement of profit or loss in the period in which they arise.

8 Taxation

The income tax expense represents the sum of the tax on current year income. The tax payable is based on taxable profit for the year. The Group's tax liability is calculated using the corporate tax rate at 9% as prescribed by Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law").
Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred income tax asset is recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Income tax relating to the items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss.

9 Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3 to 8, management of the Group has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

9.1 Significant management judgement in applying accounting policies

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

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

9.2 Key sources of estimation uncertainty

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

Useful lives and residual values of property and equipment
The Group reviews the estimated residual values and expected useful lives of property and equipment at least annually. In particular, it considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, it determines whether climate-related legislation and regulations might impact either the useful life or residual values.

Impairment of financial assets
The loss allowances of financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the consolidated financial statements.

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

9.2 Key sources of estimation uncertainty (continued)

Liability for incurred claims

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

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

Some of the insurance contracts that have been written in the property line of business permit the Group to sell property acquired in settling a claim. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.
Other key circumstances affecting the reliability of assumptions include variation in profit rates, delays in settlement and changes in foreign currency exchange rates.

Assessment of significance of takaful risk

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

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

9.2 Key sources of estimation uncertainty (continued)

Risk adjustment for non-financial risk

The following assumptions were used to calculate the risk adjustment:

- The standard errors and correlation matrix by risk classes are taken from CBUAE E-Forms.
- Standard deviations for each portfolio were calculated by multiplying their respective Standard errors with their total claim reserves.
- Portfolio-level standard deviations are combined at the entity level, accounting for correlations between portfolios.
- A lognormal distribution is assumed at the entity level, using total reserves as the mean and the entity-level standard deviation to influence the distribution's spread.
- The ssValue at Risk (VaR) at the 75th percentile is calculated based on the lognormal distribution assumption, representing the expected loss at a 80% confidence level.

The resulting risk adjustment amount is distributed among portfolios using a proportional allocation method. Each portfolio receives a share of the risk adjustment amount proportional to its risk level at the 75th percentile based on the lognormal distribution.

Onerous groups

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

Discount rates

Takaful contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the takaful contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Personal accident, marine and property contracts issued	**6.00%**	6.00%	**6.00%**	6.00%	**6.00%**	6.00%	**6.00%**	6.00%
Liability retakaful contracts issued	**6.00%**	6.00%	**6.00%**	6.00%	**6.00%**	6.00%	**6.00%**	6.00%

10 Property and equipment

	Vehicles AED	Furniture, fixtures, and office supplies AED	Computer equipment and accessories AED	Total AED
Cost				
As at 31 December 2023	-	8,070,763	4,765,828	12,836,591
Additions during the year	-	885,577	182,805	1,068,382
As at 31 December 2024	-	8,956,340	4,948,633	13,904,973
Additions during the year	49,350	544,504	157,217	751,071
As at 31 December 2025	**49,350**	**9,500,844**	**5,105,850**	**14,656,044**
Accumulated depreciation				
As at 31 December 2023	-	7,163,690	4,745,871	11,909,561
Charge for the year	-	474,565	66,056	540,621
As at 31 December 2024	-	7,638,255	4,811,927	12,450,182
Charge for the year	4,935	620,812	104,448	730,195
As at 31 December 2025	**4,935**	**8,259,067**	**4,916,375**	**13,180,377**
Carrying value as at 31 December 2025	**44,415**	**1,241,777**	**189,475**	**1,475,667**
Carrying value as at 31 December 2024	-	1,318,085	136,706	1,454,791

11 Intangible assets

	Software AED	Intangible assets under development AED	Total AED
Cost			
As at 31 December 2023	-	-	-
As at 31 December 2024	-	-	-
Additions during the year	913,900	540,000	1,453,900
As at 31 December 2025	**913,900**	**540,000**	**1,453,900**
Accumulated depreciation			
As at 31 December 2023	-	-	-
As at 31 December 2024	-	-	-
Charge for the year	76,150	-	76,150
As at 31 December 2025	**76,150**	**-**	**76,150**
Carrying value as at 31 December 2025	**837,750**	**540,000**	**1,377,750**
Carrying value as at 31 December 2024	-	-	-

Intangible assets under development consist of the Portal System for Motor Insurance, the Claims Module (4 Flows), and the Medical Insurance system. Management expects these assets to be classified as developed intangible assets upon completion, which is anticipated by 2026.

12 Takaful and retakaful contracts

	31 December 2025			31 December 2024 (Restated)		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	AED	**AED**	**AED**	AED	AED	AED
Takaful contracts issued	-	1,205,007,807	1,205,007,807	-	1,022,625,306	1,022,625,306
Total takaful contracts issued	**-**	**1,205,007,807**	**1,205,007,807**	-	1,022,625,306	1,022,625,306
Retakaful contracts held	168,672,199	(3,427,950)	165,244,249	150,637,080	(378,478)	150,258,602
Total retakaful contracts held	**168,672,199**	**(3,427,950)**	**165,244,249**	150,637,080	(378,478)	150,258,602

12 Takaful and retakaful contracts (continued)

Contracts measured under the PAA

31 December 2025	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	AED	AED	AED	AED	AED
Takaful contracts issued					
Takaful contract assets at 1 January 2025	-	-	-	-	-
Takaful contract liabilities at 1 January 2025	217,259,383	98,738,236	703,030,170	3,597,517	1,022,625,306
Net balance as at 1 January 2025	217,259,383	98,738,236	703,030,170	3,597,517	1,022,625,306
Takaful revenue	(706,649,214)	-	-	-	(706,649,214)
Takaful service expenses/ (income)	175,813,864	(58,027,652)	604,821,064	673,359	723,280,635
Incurred claims and other expenses /(income)	175,813,864	(58,027,652)	392,188,803	4,270,876	514,245,891
Changes to liabilities in incurred claims	-	-	212,632,261	(3,597,517)	209,034,744
Takaful service result	(530,835,350)	(58,027,652)	604,821,064	673,359	16,631,421
Finance expenses from takaful contracts issued	-	-	12,624,093	-	12,624,093
Total amounts recognized in consolidated statement of comprehensive income	(530,835,350)	(58,027,652)	617,445,157	673,359	29,255,514
Cash flows					
Contributions received	877,233,162	-	-	-	877,233,162
Claims and other expenses paid	(201,746,796)	-	(522,359,379)	-	(724,106,175)
Total cash flows	675,486,366	-	(522,359,379)	-	153,126,987
Net balance as at 31 December 2025					
Takaful contract assets at 31 December 2025	-	-	-	-	-
Takaful contract liabilities at 31 December 2025	361,910,399	40,710,584	798,115,948	4,270,876	1,205,007,807
Net balance as at 31 December 2025	361,910,399	40,710,584	798,115,948	4,270,876	1,205,007,807

12 Takaful and retakaful contracts (continued)

Contracts measured under the PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
31 December 2024	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	AED	AED	AED	AED	AED
Takaful contracts issued	-	-	-	-	-
Takaful contract assets at 1 January 2024	117,258,198	78,250,321	756,640,141	6,891,373	959,040,033
Takaful contract liabilities at 1 January 2024	117,258,198	78,250,321	756,640,141	6,891,373	959,040,033
Net balance as at 1 January 2024 (restated)	(458,283,798)	-	-	-	(458,283,798)
Takaful revenue	103,797,121	20,487,915	417,979,726	(3,293,856)	538,970,906
Takaful service expenses/ (income)	109,477,217	71,724,712	477,385,391	3,597,517	662,184,837
Incurred claims and other expenses	-	(51,236,797)	-	-	(51,236,797)
Losses on onerous contracts and reversals	(5,680,096)	-	(59,405,665)	(6,891,373)	(71,977,134)
Changes to liabilities for incurred claims	(354,486,677)	20,487,915	417,979,726	(3,293,856)	80,687,108
Takaful service result	-	-	(4,351,537)	-	(4,351,537)
Takaful finance income					
Total amounts recognized in consolidated statement of comprehensive income	(354,486,677)	20,487,915	413,628,189	(3,293,856)	76,335,571
Cash flows					
Contributions received	571,171,008	-	-	-	571,171,008
Claims and other expenses paid	(116,683,146)	-	(467,238,160)	-	(583,921,306)
Total cash flows	454,487,862	-	(467,238,160)	-	(12,750,298)
Net balance as at 31 December 2024					
Takaful contract assets at 31 December 2024	-	-	-	-	-
Takaful contract liabilities at 31 December 2024	217,259,383	98,738,236	703,030,170	3,597,517	1,022,625,306
Net balance as at 31 December 2024	217,259,383	98,738,236	703,030,170	3,597,517	1,022,625,306

12 **Takaful and retakaful contracts (continued)**

Contracts measured under the PAA

	Assets for remaining coverage		Amounts recoverable on incurred claims		
31 December 2025	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cashflows	Risk adjustment	Total
	AED	AED	AED	AED	AED
Retakaful contracts held					
Retakaful contract assets at 1 January 2025	62,901,486	12,443,997	75,291,597	-	150,637,080
Retakaful contract liabilities at 1 January 2025	-	-	-	(378,478)	(378,478)
Net balance as at 1 January 2025	62,901,486	12,443,997	75,291,597	(378,478)	150,258,602
Allocation of retakaful contributions	(61,004,814)	-	-	-	(61,004,814)
Amounts recoverable from reinsurers for incurred claims	-	(9,847,860)	46,481,201	(3,049,472)	33,583,869
Amounts recoverable from reinsurers for incurred claims	-	(9,847,860)	21,692,808	-	11,844,948
Changes to amounts recoverable for incurred claims	-	-	24,788,393	(3,049,472)	21,738,921
Net (expenses)/ income from retakaful contracts held	(61,004,814)	(9,847,860)	46,481,201	(3,049,472)	(27,420,945)
Finance expense from retakaful contracts held	-	-	(15,316,033)	-	(15,316,033)
Total amounts recognized in consolidated statement of comprehensive income	(61,004,814)	(9,847,860)	31,165,168	(3,049,472)	(42,736,978)
Cash flows					
Contributions paid	(40,216,462)	-	(1,542,095)	-	(41,758,557)
Actual acquisition costs paid	(15,964,068)	-	-	-	(15,964,068)
Total cash flows	(56,180,530)	-	(1,542,095)	-	(57,722,625)
Net balance as at 31 December 2025					
Retakaful contract assets at 31 December 2025	58,077,202	2,596,137	107,998,860	-	168,672,199
Retakaful contract liabilities at 31 December 2025	-	-	-	(3,427,950)	(3,427,950)
Net balance as at 31 December 2025	58,077,202	2,596,137	107,998,860	(3,427,950)	165,244,249

12 Takaful and retakaful contracts (continued)

Contracts measured under the PAA

31 December 2024 (Restated)	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cashflows	Risk adjustment	
	AED	AED	AED	AED	AED
Retakaful contracts held					
Retakaful contract assets at 1 January 2024	130,804,041	37,530,174	3,242,858	-	171,577,073
Retakaful contract liabilities at 1 January 2024	-	(27,638,332)	-	(1,459,672)	(29,098,004)
Net balance as at 1 January 2024 (restated)	130,804,041	9,891,842	3,242,858	(1,459,672)	142,479,069
Allocation of retakaful contributions	(17,922,637)	-	-	-	(17,922,637)
Amounts recoverable for incurred claims and other expenses	-	10,381,810	24,785,277	-	35,167,087
Changes to amounts recoverable for incurred claims	-	(7,829,655)	(3,291,170)	1,081,194	(10,039,631)
Net (expenses)/ income from retakaful contracts held	(17,922,637)	2,552,155	21,494,107	1,081,194	7,204,819
Finance income from retakaful contracts held	-	-	920,836	-	920,836
Total amounts recognized in consolidated statement of comprehensive income	(17,922,637)	2,552,155	22,414,943	1,081,194	8,125,655
Cash flows					
Contributions paid	24,668,539	-	-	-	24,668,539
Actual acquisition costs received	(74,648,457)	-	-	-	(74,648,457)
Actual claims received	-	-	49,633,796	-	49,633,796
Total cash flows	(49,979,918)	-	49,633,796	-	(346,122)
Net balance as at 31 December					
Retakaful contract assets at 31 December 2024	62,901,486	12,443,997	75,291,597	-	150,637,080
Retakaful contract liabilities at 31 December 2024	-	-	-	(378,478)	(378,478)
Net balance as at 31 December 2024	62,901,486	12,443,997	75,291,597	(378,478)	150,258,602

12 Takaful and retakaful contracts (continued)

Movement during the year in expected credit losses

	31 December 2025	31 December 2024
Opening balance	**197,244,034**	196,933,404
Change during the year	**25,212,075**	310,630
Closing balance	**222,456,109**	197,244,034

The provision of AED 25,212,075 (2024: AED 310,630) is reflected within the takaful service expense and amounts recoverable from retakaful contracts as part of attributable expenses in the consolidated statement of profit or loss. The related balances are presented within the respective Takaful and retakaful contract liabilities/assets in the consolidated statement of financial position.

13 Cash and cash equivalents (including wakala deposits)

	31 December 2025	31 December 2024
	AED	AED
Wakala deposits	**100,425,568**	425,568
Cash at banks	**23,847,070**	11,542,962
Cash on hand	**5,434**	132,851
	124,278,072	12,101,381
Less: wakala deposits with original maturity of more than three months	**(100,425,568)**	(425,568)
Less: Restricted bank balances*	**(4,712,646)**	(4,938,304)
	19,139,858	6,737,509
Allocated to :		
Takaful operations' assets	**17,778,241**	6,366,435
Shareholders' assets	**1,361,617**	371,074
	19,139,858	6,737,509
Wakala deposits		
Allocated to :		
Takaful operations' assets	**60,050,000**	50,000
Shareholders' assets	**40,375,568**	375,568
	100,425,568	425,568

*Restricted bank balances comprise a current account held with Dubai Islamic Bank in the UAE amounting to AED 4,712,646 (2024: AED 4,938,304). This account is restricted in relation to the ongoing legal cases, and therefore, is not available for general use by the Group.

The bank balances are also subject to impairment requirements of IFRS 9. However, balances with banks are assessed to have low credit risk of default.

14 Statutory deposit

In accordance with the requirement of the Federal Decree-Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business concerning insurance companies and agencies, the Group maintains a bank deposit amounting to AED 6,000,000 (31 December 2024: AED 6,000,000) which cannot be utilized without the consent of the Central Bank of the United Arab Emirates.

	31 December 2025 AED	31 December 2024 AED
15 Investment properties		
At beginning of the year	**58,950,000**	58,950,000
Change in fair value	**(6,700,000)**	-
At end of the year	**52,250,000**	58,950,000

The investment properties of the Group are shown below:

- A land, located in Plot No. C29 sector E12, Abu Dhabi, UAE that is held in the name of the Company.

- A building located in Plot No. 36 Sector W18-02, Abu Dhabi, UAE, that is held in the name of a subsidiary for and on behalf of the Group.

The Group relied on valuations performed by external, independent two different property valuers, who possess the appropriate recognized professional qualifications and experience in the location and category of the properties being valued. The valuations were separately performed for the year ended 31 December 2025.
The rental income for the year amounted to AED 686,882 (2024: AED 636,677) and expenses amounted to AED 87,509 (2024: AED 138,611).

The fair value of the investment properties is classified as level 3 in the fair value hierarchy.

	31 December 2025 AED	31 December 2024 AED
16 Prepayments and other receivables		
Prepayments	**1,479,663**	1,279,925
Refundable deposits	**1,529,318**	1,558,133
Other receivables and advances to suppliers	**1,787,828**	756,802
	4,796,809	3,594,860
Allocated to:		
Takaful operations' assets	**623,854**	493,021
Shareholders' assets	**4,172,955**	3,101,839
	4,796,809	3,594,860

17 Related party transaction and balances

Identity of related parties

Related parties comprise major shareholders, associated companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties.

Due from related parties		
Emirates Aqua Technologies Caviar Factory L.L.C	**2,340,533**	2,340,533
Bin Salem Company L.L.C.	**4,659,682**	4,659,682
	7,000,215	7,000,215
Less: provision for impairment of related parties balances	**(7,000,215)**	(7,000,215)
	-	-
Transaction during the year		
Key management and board remuneration	**600,000**	-

18 Share capital

	31 December 2025 AED	31 December 2024 AED
Authorized, issued and fully paid: 466,674,434 shares of AED 1 each (2024: 150,000,000 shares of AED 1 each)	**466,674,434**	150,000,000

The General Assembly of the Company in its meetings held on 26 November 2024 resolved to approve the increase of the Company's issued share capital from AED 150,000,000 to an amount of AED 537,596,899, by way of a capital increase. The new shares were offered at an issue price of AED 0.129 per share, representing a discount of AED 0.871 to the nominal value of AED 1.00 per share, with estimated increase in net share capital by AED 50,000,000. The offer for subscription of new shares was made from 24 March 2025 to 28 March 2025, and the Lead Receiving Bank received application for subscription of 316,674,434 shares aggregating to AED 40,851,002 with corresponding share discount of AED 275,823,432. Transaction costs amounting to AED 1,049,997 were incurred in relation to right issuance of shares which is included in discount on issuance of shares. The right issue of shares resulted in increase of share capital from AED 150,000,000 to AED 466,674,434 and the discount on issuance of shares AED 276,873,429 (including transaction costs) which are recognized in the statement of financial position as at 31 December 2025. On 17 April 2025, the Articles of association got amended to reflect the above increase in share capital.

19 Legal reserve

In accordance with the provisions of the UAE Federal Law No. (32) of 2021 and the Group's Articles of Association, the Group is required to transfer annually to a legal reserve an amount equivalent to 10% of its net profit, until such reserve reaches 50% of the paid-up capital of the Group. No transfer was made during the year due to the losses incurred by the Group.

20 General reserve

In accordance with the Company's Articles of Association, 10% of the Group's net profit for the year is to be transferred to a general reserve. No transfer was made during the year due to losses incurred by the Group.

21 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 consolidated financial position. The provision shall be accounted year after year based on the retakaful contribution ceded and 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.

22 Employees' end of service benefits

	31 December 2025 AED	31 December 2024 AED
Balance at the beginning of the year	**3,109,695**	2,679,596
Add: charge for the year	**853,311**	1,022,887
Less: paid during the year	**(103,155)**	(592,788)
Balance at the end of the year	**3,859,851**	3,109,695

23 Accrued expenses and other liabilities

	31 December 2025 AED	31 December 2024 AED (Restated)
CBUAE supervision fee payable	**5,249,448**	3,094,746
Accrued expenses	**4,219,950**	3,494,810
VAT adjustments from prior year and penalties	**13,223,989**	-
Provision for legal claim (Note 40)	**24,461,644**	24,461,644
Other payable	**5,754,873**	4,571,810
	52,909,904	35,623,010
Allocated to :		
Takaful operations' liabilities	**1,746,183**	4,571,810
Shareholders' liabilities	**51,163,721**	31,051,200
	52,909,904	35,623,010

24 Policyholders' fund

	31 December 2025	31 December 2024
	AED	AED (Restated)
At beginning of the year	**867,504,524**	801,011,442
Deficit for the year	**327,304,288**	224,571,813
Written off during the year	**(157,646,061)**	(158,078,731)
	1,037,162,751	867,504,524
Qard Hasan from the shareholders to policyholders		
At beginning of the year	**867,504,524**	801,011,442
Net movement during the year	**327,304,288**	224,571,813
Written off during the year	**(157,646,061)**	(158,078,731)
	1,037,162,751	867,504,524
Allowance for Qard Hasan to policyholders	**(1,037,162,751)**	(867,504,524)
	-	-

The deficit in the policyholders' fund is financed by the shareholders through a Qard Hasan. The shareholders have funded the deficit in the policyholders' fund in accordance with the Group's policy through a Qard Hasan (free of finance charge) of AED 1,037,162,751 as of 31 December 2025 (31 December 2024 (restated) : AED 867,504,524) with no repayment terms. During the year, Qard Hasan with a value of AED 327,304,288 (31 December 2024 (restated) : AED 224,571,813) was provided and the same amount was recognised in the consolidated statement of profit or loss attributable to shareholders.

In addition, Qard Hasan balance amounting to AED 157,646,061 (31 December 2024 (restated) : AED 158,078,731) relating to amounts outstanding for more than three years, were written off in accordance with the Group's policy and in line with Central Bank regulations for Takaful Companies.

Although recoverability of the remaining Qard Hasan balance is uncertain, management expects to recover it from future profits from takaful operations.

25 Financial assets carried at fair value through profit or loss (FVTPL)

	31 December 2025	31 December 2024
	AED	AED
Quoted UAE equity securities	**3,746,938**	1,741,596
	3,746,938	1,741,596
The movement in the investments carried at fair value through profit or loss is as follows:		
Fair value at beginning of the year	**1,741,596**	800,522
Additions during the year	**1,021,501**	-
Change in fair value	**983,841**	941,074
Fair value at end of the year	**3,746,938**	1,741,596

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31 December 2025 and 31 December 2024 :

	Level 1	Level 2	Level 3	Total
	AED	**AED**	**AED**	**AED**
31 December 2025				
Investments carried at fair value through profit and loss	**3,746,938**	**-**	**-**	**3,746,938**
	3,746,938	**-**	**-**	**3,746,938**
31 December 2024				
Investments carried at fair value through profit and loss	1,741,596	-	-	1,741,596
	1,741,596	-	-	1,741,596

26 Wakala fees and Mudarib's share

a Wakala fees: the shareholders manage the takaful operations for the policy holders and charge the following range of percentages of gross takaful contributions as Wakala fees:

	31 December 2025	31 December 2024
Motor	30%	30%
Medical	15%	15%
All other takaful classes	30%	30%

b Mudarib's share: the shareholders manage the policyholders' investment fund and charge 10% (2024: 10%) of investment income earned by policyholders' investment fund as Mudarib share, Investment income earned by policyholders' investment fund as well as Mudarib share amounted to nil (2024: nil).

	31 December 2025	31 December 2024
	AED	AED
27 Investment income		
Profits from wakala deposits	**1,222,742**	387,611
Income from investment properties	**686,882**	636,677
Other investment income	**-**	53,966
Total	**1,909,624**	1,078,254

28 Provision for VAT assessment and penalties

During the year, the Group recognised an expense and corresponding liability amounting to AED 13,223,989 in respect of VAT and related penalties following an assessment issued by the Federal Tax Authority (FTA) on 25 February 2026. The assessment relates to the financial years 2018 to 2020. The consolidated financial statements for the year ended 31 December 2025 have been adjusted to recognise the related obligation.

29 Other operating expenses and income

29.1 Other operating expenses

Professional expenses	**7,721,799**	6,487,300
Staff costs	**8,919,211**	6,364,774
Office maintenance	**3,259,536**	3,519,856
Legal and consultation fees	**2,571,336**	3,451,744
Other expenses	**5,047,332**	4,062,872
Total	**27,519,214**	23,886,546

29.2 Other operating income

Discount allowance *	**-**	6,758,847
Sundry income	**1,389,929**	5,301,477
	1,389,929	12,060,324

* Represents certain discounts received on settlement of old liabilities with garages.

30 Corporate tax relating to continuing operations

Corporate tax expense recognised in profit or loss	-
Deferred tax credit	
In respect of the current year	**9,166,454**
In respect of the previous year	**7,281,522**
	16,447,976

The Group has prepared the corporate tax computations for the financial years 2024 and 2025 in accordance with Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Corporate Tax Law"), which introduced a new corporate tax regime in the United Arab Emirates. Based on the assessment performed, as disclosed below, the Group has recognized a deferred tax asset position in the current year for both the financial years 2024 and 2025.

30 Corporate tax relating to continuing operations (continued)

	31 December 2025	31 December 2024
Loss before tax for the year as per consolidated financial statements as on 31 December 2025 and 31 December 2024	(115,152,301)	(80,948,355)
Less:		
Provision for VAT assessment and penalties	(13,223,989)	-
Add:		
Non-deductible expenses and other tax adjustments	78,821	42,555
Taxable loss in AED	(101,849,491)	(80,905,800)
Deferred tax credit in AED	**(9,166,454)**	**(7,281,522)**

Movement during the deferred tax asset	**31 December 2025**	31 December 2024
Opening balance as at 1 January 2025	-	-
Additions during the year	**16,447,976**	-
Closing balance as at 31 December 2025	**16,447,976**	-

Deferred tax arising from temporary differences and unused tax losses are summarised as below:

Deferred tax asset in relation to:	**Recognised in profit or loss**
Tax losses	**16,447,976**

31 Basic and diluted loss per share

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

	31 December 2025	31 December 2024
	AED	AED
Weighted average number of shares outstanding during the year	**387,505,826**	150,000,000
Loss for the year	**(98,704,325)**	(80,948,355)
Loss per share (AED per share)	**(0.2547)**	(0.5397)

32 Segmental information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

For operating purposes, the Group is organized into two business segments:

Underwriting of general takaful business - incorporating all classes of general takaful, fire, marine, motor, general accident and medical.

Investments - incorporating investments in UAE marketable equity securities, term deposits with banks, overseas managed portfolios and other securities.

The following is an analysis of the Group's revenue and results by operating segment:

	31 December 2025			31 December 2024 (Restated)		
	Policyholders	**Shareholders**	**Total**	Policyholders	Shareholders	Total
Net takaful loss	**(71,992,492)**	-	**(71,992,492)**	(68,209,916)	-	(68,209,916)
Wakala fees	**(255,311,796)**	**255,311,796**	-	(153,430,352)	153,430,352	-
Other expenses	-	-	-	(2,931,545)	-	(2,931,545)
	(327,304,288)	**255,311,796**	**(71,992,492)**	(224,571,813)	153,430,352	(71,141,461)
Investment income	-	**1,909,624**	**1,909,624**	-	1,078,254	1,078,254
Fair value loss on investment property	-	**(6,700,000)**	**(6,700,000)**	-	-	-
Net fair value gains on financial assets carried at fair value through profit or loss	-	**983,841**	**983,841**	-	941,074	941,074
Other operating income	-	**1,389,929**	**1,389,929**	-	12,060,324	12,060,324
Other operating expenses	-	**(27,519,214)**	**(27,519,214)**	-	(23,886,546)	(23,886,546)
Provision for VAT assessment and penalties	-	**(13,223,989)**	**(13,223,989)**	-	-	-
Net (loss)/profit for the year before tax	**(327,304,288)**	**212,151,987**	**(115,152,301)**	(224,571,813)	143,623,458	(80,948,355)
Deferred tax credit	-	**16,447,976**	**16,447,976**	-	-	-
Net (loss)/profit for the year after tax	**(327,304,288)**	**228,599,963**	**(98,704,325)**	(224,571,813)	143,623,458	(80,948,355)

The revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the year.

The accounting policies of the reportable segments are the same as the Group's accounting policies used in the previous years, except for adoption of new and amended standards.

The following is analysis of the Group's assets and liabilities by operating segment:

	31 December 2025			31 December 2024 (Restated)		
	Policyholders	**Shareholders**	**Total**	Policyholders	Shareholders	Total
Segment assets	**251,836,940**	**127,208,471**	**379,045,411**	162,484,840	71,994,868	234,479,708
Segment liabilities	**1,210,181,940**	**55,023,572**	**1,265,205,512**	1,027,575,594	34,160,895	1,061,736,489

32 Segmental information (continued)

The following is an analysis of the Group's Gross Written Contributions classified by portfolios of takaful contracts:

	31 December 2025	31 December 2024
Motor	**809,937,129**	503,193,067
Medical	**71,524,587**	13,381,105
Liability	**4,188,563**	959,568
Fire	**760,967**	387,470
Engineering and General accidents	**326,996**	146,266
Marine	**63,370**	57,582
	886,801,612	518,125,058

33 Contingent liabilities

	31 December 2025	31 December 2024
Letters of guarantee	**6,310,000**	6,310,000

34 Takaful risk management

The risk under any one takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of a takaful contract, this risk is random and therefore unpredictable.
For a portfolio of takaful contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its takaful contracts is that the actual claims and benefit payments exceed the estimated amount of the takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Takaful events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar takaful contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Group manages risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

Frequency and severity of claims

The Group has the right not to renew individual policies, re-price the risk, it can impose deductibles, and it has the right to reject the payment of a fraudulent claim. Takaful contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation).
Property takaful contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies.

Property takaful contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The takaful risk arising from these contracts is not concentrated in any of the territories in which the Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

34 Takaful risk management (continued)

The takaful risk arising from these contracts is not concentrated in any of the territories in which the Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

The Group has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The following tables disclose the concentration of takaful liabilities by line of business. The amounts are the carrying amount of the takaful liabilities (gross and net of retakaful) arising from the takaful contracts:

	As at 31 December 2025		
	Gross	**Retakaful**	**Net**
	AED	**AED**	**AED**
Medical	**68,722,583**	**(44,254,568)**	**24,468,015**
Motor and general	**1,136,285,224**	**(120,989,681)**	**1,015,295,543**
	1,205,007,807	**(165,244,249)**	**1,039,763,558**

	As at 31 December 2024		
	Gross	Retakaful	Net
	AED	AED	AED
Medical	47,414,562	(68,465,535)	(21,050,973)
Motor and general	975,210,744	(81,793,067)	893,417,677
	1,022,625,306	(150,258,602)	872,366,704

Sources of uncertainty in the estimation of future claim payments

Claims on takaful contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some takaful contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.
The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

34 Takaful risk management (continued)

Sources of uncertainty in the estimation of future claim payments (continued)

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

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.
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.

Process used to decide on assumptions

The risks associated with the takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Group's quarterly claims reports and screening of the actual takaful contracts carried out at the end of the reporting period to derive data for the contracts held. The 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 choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or Group's accident years within the same class of business.

Concentration of takaful risk

The Group conducts substantially all of its underwriting activities within the United Arab Emirates. As is common practice among takaful companies, and to reduce potential financial exposure arising from large takaful claims, the Group enters into retakaful arrangements with third parties in the ordinary course of business.

Before onboarding any new customer, the Group evaluates the prospective customer's creditworthiness and establishes customer-specific credit limits. In assessing the recoverability of takaful receivables, the Group considers any deterioration or changes in the credit quality of the receivable from the date credit was initially extended up to the reporting date.
To minimize its exposure to significant losses from retakaful insolvencies, the Group evaluates the financial condition of its retakaful and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the retakaful. Retakaful ceded contracts do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion covered by retakaful to the extent that any retakaful does not meet the obligations assumed under the retakaful agreements.

35 Financial risk management

The Group's financial assets comprise of investments, takaful and retakaful receivables, bank deposits, cash in hand and at bank and certain other receivables. Financial liabilities of the Group comprise of liability against gross claims outstanding, retakaful, trade and certain other payables.

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, equity price risk and profit rate risk).

35 Financial risk management (continued)

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

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

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

For receivables the Group has applied the simplified approach in 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.

At 31 December 2025 and 2024, all term deposits were placed with banks within UAE. Management is confident that this concentration of liquid assets at year-end does not result in any credit risk to the Group as the banks are major banks operating in the UAE and are highly regulated by the Central Bank.

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

Liquidity risk management

Liquidity risk is the risk that Group will not be able to meet its commitments associated with takaful contracts and financial liabilities as they fall due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

35 Financial risk management (continued)

Liquidity risk management (continued)

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. Due to the dynamic nature of the underlying business, the Group's treasury maintains flexibility in funding by maintaining sufficient liquidity reserves comprising, deposits placed with banks and cash in hand and at bank (note 13) on the basis of expected future cash flows.

The contractual maturities of liabilities are determined on the basis of the remaining period from the consolidated statement of financial position date to the contractual maturity date. The undiscounted values on contractual maturities of financial liabilities approximate their carrying values on the consolidated statement of financial position at 31 December 2025.

The table below summarises the maturities of the Group's undiscounted financial liabilities (excludes statutory liabilities) at 31 December 2025 and 31 December 2024, based on contractual payment dates and current market profit rates.

31 December 2025	Current Up to 1 year AED	Non - current >1 year AED	Total AED
Takaful contract liabilities	1,205,007,807	-	1,205,007,807
Retakaful contract liabilities	3,427,950	-	3,427,950
Accrued expenses and other liabilities	39,685,915	-	39,685,915
Total	**1,248,121,672**	**-**	**1,248,121,672**

31 December 2024 (Restated)	Current Up to 1 year AED	Non - current >1 year AED	Total AED
Takaful contract liabilities	1,022,625,306	-	1,022,625,306
Retakaful contract liabilities	378,478	-	378,478
Accrued expenses and other liabilities	35,623,010	-	35,623,010
Total	**1,058,626,794**	**-**	**1,058,626,794**

Market risk

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

Equity price risk is the risk that the fair values of equities change 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.

At the reporting date if the equity prices are 10% higher/lower as per the assumptions mentioned above and all the other variables were held constant:

For investments measured at fair value through profit or loss
Fair value would have increased/decreased by AED 374,694 (2024: AED 174,160).

35 Financial risk management (continued)

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
The Group has limited transactional exposure to exchange rate risk as it generally enters into contracts in UAE Dirham, being the functional currency of the Group.

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect the finance income or finance cost of the Group. The Group is exposed to profit rate risk on its deposits that carry fixed profit rates.

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

The Group is exposed to profit rate risk on:
(i) Liability for incurred claims; and
(ii) Asset for incurred claims.

If at the end of the reporting year, the profit rates on the bank borrowings had been 100 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended 31 December 2025 would have decreased / increased.

The below tables show the impact of 1% change in risk adjustment and discounting on liability for incurred claims and assets for incurred claims.

31 December 2025	**Impact on profit gross of retakaful**	**Impact on profit net of retakaful**	**Impact on equity gross of retakaful**	**Impact on equity net of retakaful**
	AED	**AED**	**AED**	**AED**
Risk adjustment				
1% increase	**(42,709)**	**(59,627)**	**(42,709)**	**(59,627)**
1% decrease	**42,709**	**59,627**	**42,709**	**59,627**
Discounting				
1% increase	**8,312,210**	**6,971,293**	**8,312,210**	**6,971,293**
1% decrease	**(8,312,210)**	**(6,971,293)**	**(8,312,210)**	**(6,971,293)**

31 December 2024	Impact on profit gross of retakaful	Impact on profit net of retakaful	Impact on equity gross of retakaful	Impact on equity net of retakaful
	AED	AED	AED	AED
Risk adjustment				
1% increase	(35,975)	(46,569)	(35,975)	(46,569)
1% decrease	35,975	46,569	35,975	46,569
Discounting				
1% increase	7,451,595	6,650,011	7,451,595	6,650,011
1% decrease	(7,451,595)	(6,650,011)	(7,451,595)	(6,650,011)

35 Financial risk management (continued)

Profit rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to profit rates for profit-bearing financial assets assuming the amount of assets at the end of the reporting year were outstanding for the whole year.
As all the profit-bearing financial assets and liabilities of the Group carry fixed profit rates, the Group is not subject to fluctuation of profit rate at the reporting date.

Capital risk management

The Group's objectives when managing capital are:

• To comply with the insurance capital requirements required by Federal Decree-Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business concerning insurance companies and agencies.

• To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

• To provide an adequate return to shareholders by pricing takaful contracts commensurately with the level of risk.

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 2025 and 31 December 2024 is presented below:

	31 December 2025	31 December 2024
Minimum Capital Requirement (MCR)	**100,000,000**	100,000,000
Solvency Capital Requirement (SCR)	**185,323,070**	126,940,967
Minimum Guarantee Fund (MGF)	**167,840,339**	114,104,893
Total Basic Own Funds	**(1,148,083,917)**	(970,471,802)
MCR Solvency Margin - Deficit	**(1,248,083,917)**	(1,070,471,802)
SCR Solvency Margin - Deficit	**(1,333,406,987)**	(1,097,412,769)
MGF Solvency Margin - Deficit	**(1,315,924,257)**	(1,084,576,695)

(a) The Central Bank of UAE has issued resolution no. 42 for 2009 setting the minimum subscribed or paid-up capital of AED 100 million for establishing takaful firm and AED 250 million for re-takaful firm. The resolution also stipulates that at least 75 percent of the capital of the takaful companies established in the UAE should be owned by UAE or GCC national individuals or corporate bodies. The Group is complying with the above requirements. Moreover, the shareholders have committed to provide the Group with continuing financial support to enable it to meet its financial obligations as and when they fall due.

Operational risk

Operational risk is the risk of loss arising from system 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 can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the operational risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes.

36 Investment in revaluation reserve FVTOCI

The Group has recognised Investment in revaluation Reserve FVTOCI in the prior years based on the management assessment of the fair value of such investments. The reserve has been retained until the disposal of underlying investments.

37 Litigations

Individual customers and brokers filed claims against the Group amounting to AED 31,144,214 as of 31 December 2025 (31 December 2024: AED 229,994,281) and cases are under execution.

38 Gross written contributions

Details relating to gross written contributions are disclosed below to comply with the requirements of CBUAE and are not calculated as per the requirements of IFRS 17.

31 December 2025	**Motor takaful**	**Medical takaful**	**Other takaful class**	**All type of business combined**
Direct written contributions	**809,937,129**	**71,524,587**	**5,339,896**	**886,801,612**
Assumed business	-	-	-	-
Foreign	-	-	-	-
Local	-	-	-	-
Total assumed business	-	-	-	-
Gross written contributions	**809,937,129**	**71,524,587**	**5,339,896**	**886,801,612**

31 December 2024	Motor takaful	Medical takaful	Other takaful class	All type of business combined
Direct written contributions	503,193,067	13,381,105	1,550,886	518,125,058
Assumed business	-	-	-	-
Foreign	-	-	-	-
Local	-	-	-	-
Total assumed business	-	-	-	-
Gross written contributions	503,193,067	13,381,105	1,550,886	518,125,058

39 Subsequent events

Subsequent to the reporting date, a war outbreak occurred in the region, resulting in increased uncertainty in the broader economic environment within the United Arab Emirates (UAE) and the surrounding region.

Management has assessed the impact of this event and concluded that it does not provide evidence of conditions that existed as at the reporting date. Accordingly, this event has been classified as a non-adjusting event after the reporting period in accordance with IAS 10 – Events after the Reporting Period.

At the date of approval of these consolidated financial statements, the management continues to monitor the evolving situation and its potential implications. Based on the assessment performed, this event has not had a material impact on the financial position, financial performance, or cash flows of the Group as at the reporting date. Accordingly, no adjustments have been made to these consolidated financial statements.

40 Prior year restatement

During the year ended 31 December 2025, the Group reassessed the accounting treatment of a legal claim arising from a former shareholder's investment in a Company, funded through a personal loan from Abu Dhabi Commercial Bank ("ADCB"). Following the failure of the investment, ADCB initiated legal proceedings which ultimately resulted in a final and binding court judgment issued in 2026, confirming the Company's obligation to pay 7.64% amounting to AED 24,461,644.
Although the judgment was final in 2022, no provision was recognised in the consolidated financial statements for the years 2022 to 2025. Management concluded that this constituted a material prior period error, as a present legal obligation existed and an outflow of economic resources was probable and reliably measurable.

In addition, the Qard Hasan balances outstanding for more than three years, amounting to AED 171,248,016 and AED 158,078,731 as at December 31, 2023 and December 31, 2024, respectively, which were required to be written off in accordance with the Group's policy, alligned with the Central Bank regulations for Takaful Companies and were erroneously omitted to be written off.

The non-recognition of this provision and omisstion to write off Qard Hasan balance more than three years represents a prior period error as defined in IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, the comparative financial statements has been retrospectively restated to recognise the related provision in accordance with IAS 37 and IAS 8. The restatement resulted in an increase in provisions and a corresponding reduction in retained earnings and reduction in 'Deficit in policyholders' fund' and 'Qard Hasan from shareholders' in the respective years.

Further, during the year ended 31 December 2024, the Group has reclassified impairment loss of AED 310,630 relating to retakaful assets into "Amounts recoverable from retakaful contracts" (Note 12) from Impairment losses on Financial asset which were previously shown on the face of the statement of profit or loss.

The Group has corrected this error by restating the comparative financial statements. The impact of the restatement on the financial statements is as follows:

Details of restatement are as follows:
December 31, 2024

	As previously reported	Restatement	As restated
	AED	AED	AED
Accrued expenses and other liabilities	6,589,556	24,461,644	31,051,200
Takaful operations' surplus			
Deficit in policyholders' fund	(1,025,583,255)	158,078,731	(867,504,524)
Qard Hasan from shareholders	1,025,583,255	(158,078,731)	867,504,524
Total surplus from takaful operations	-	-	-
Accumulated losses	(945,246,795)	(24,461,644)	(969,708,439)

January 1, 2024

	As previously reported	Restatement	As restated
	AED	AED	AED
Shareholders' liabilities and equity			
Shareholders' liabilities			
Accrued expenses and other liabilities	3,702,271	24,461,644	28,163,915
Takaful operations' surplus			
Deficit in policyholders' fund	(972,259,458)	171,248,016	(801,011,442)
Qard Hasan from shareholders	972,259,458	(171,248,016)	801,011,442
Total surplus from takaful operations	-	-	-
Shareholders' equity			
Accumulated losses	(864,198,797)	(24,461,644)	(888,660,441)

41 Reclassification

The previous year numbers in the consolidated financial statements have been reclassified as necessary for better presentation.

42 Approval of the consolidated financial statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 29 July 2026.