

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated financial statements

31 December 2025

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated financial statements

31 December 2025

Contents	Page(s)
Independent auditor's report	1-6
Consolidated Financial Statements	
Consolidated statement of financial position	7-8
Consolidated statement of policyholders' revenues and expenses	9
Consolidated statement of policyholders' surplus	10
Consolidated statement of shareholders' income	11
Consolidated statement of shareholders' comprehensive income	12
Consolidated statement of changes in shareholders' equity	13-14
Consolidated statement of cash flows	15
Notes to the consolidated financial statements	16-88



KPMG
Zone 25 C Ring Road
Street 230, Building 246
P.O Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4436 7411
Website: kpmg.com/qa

Independent auditor's report

To the Shareholders of

Al Khaleej Takaful Insurance Company Q.P.S.C.

Opinion

We have audited the consolidated financial statements of Al Khaleej Takaful Insurance Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2025 and the consolidated statements of policyholders' revenues and expenses, consolidated statement of policyholders' surplus, consolidated statement of shareholders' income, consolidated statement of shareholders' comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and the results of its operations, changes in consolidated policyholders' surplus, changes in consolidated shareholders' equity and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI").

Basis for Opinion

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



Independent auditor's report (continued)

Al Khaleej Takaful Insurance Company Q.P.S.C.

Key Audit Matters

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

Valuation of takaful and re-takaful arrangement liabilities and assets

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

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none">• Takaful arrangement liabilities, net as at 31 December 2025 include liability for incurred claims (LIC) amounting to QR 138.95 million which consists of estimates of the present value of future cash flows amounting to QR 134.94 million and risk adjustment for non-financial risk amounting to QR 4.01 million as reported in Note 8 (a) in consolidated financial statements.• Re-takaful arrangement assets, net as at 31 December 2025 include assets for incurred claims (AIC) measurement model amounting QR 78.80 million which consists of estimates of the present value of future cash flows amounting to QR 76.56 million and risk adjustment for non-financial risk amounting to QR 2.24 million as reported in Note 8 (b) in consolidated financial statements. <p>LIC and AIC involve:</p> <ul style="list-style-type: none">• Complex accounting requirements, including the inputs, assumptions, estimates techniques used for incurred claim assets and liabilities and their measurement components include:<ul style="list-style-type: none">• the estimate of future cash flows including assumed payment patterns for LIC or collection patterns for AIC, and discounting applied to the estimates of future cash flows to reflect the time value of money.• estimation of the non-financial risk adjustment.	<p>Our audit procedures in this area included the following, among others:</p> <ul style="list-style-type: none">• Obtaining an understanding of the actuarial process for calculating reserves;• Performing substantive tests, on a sample basis, on the amounts recorded for claims paid and recoveries; including comparing the outstanding claims and recovery amount to appropriate source documentation to evaluate the valuation of claim reserves;• Evaluating the competence, capabilities, and objectivity of an external expert used by management;• Involving our own specialists:<ul style="list-style-type: none">• to assist us in evaluating the reasonableness of management's key judgments and estimates made in the measuring components of LIC and AIC under the PAA measurement model, including a selection of methods, models, input, assumptions, and estimates as well as the impact of the economic uncertainties.• evaluating the work of the management specialist which includes assumptions and estimates used to calculate the LIC and AIC.• performing independent calculations on IBNR included under LIC and AIC.



Independent auditor's report (continued)

Al Khaleej Takaful Insurance Company Q.P.S.C.

Key Audit Matters (continued)

Valuation of takaful and re-takaful arrangement liabilities and assets (continued)

- Susceptibility to management bias and estimation uncertainty when making judgments to determine takaful arrangement liabilities; and
- Complex disclosure requirements.

Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of takaful and re-takaful arrangement liabilities and assets, this was identified as key audit matter.

- Assessing the completeness and accuracy of data utilised by the management specialist in estimating the LIC and AIC by comparing it to the accounting and other records;
- Assessing the adequacy of the disclosures in the consolidated financial statements relating to this matter against the requirements of the relevant accounting standards.

Transition to FAS 42 "Presentation and Disclosures in the financial statements of Takaful Institutions" and FAS 43 "Accounting for Takaful: Recognition and Measurement"

We focused on this area because:

- On 1 January 2025, the Group has adopted FAS 42 and FAS 43 which resulted in:
 - new principles for the recognition, measurement, presentation and disclosure of takaful arrangements, re-takaful arrangements and investment arrangements with direct participation features ("DPF"). The Group has applied the full retrospective approach to each group of takaful arrangements.
 - changes to the measurement of takaful and re-takaful arrangements in which the Group has used Contribution Allocation Approach ("CAA") for all groups of takaful arrangements, except for longer-term individual life takaful portfolio that is in runoff, which is measured under the General Approach ("GA") and using a new estimate and judgments underlying the determination of adjustments on transition as the Group issues a wide range of takaful and re-takaful arrangements; and
 - significant changes in process, data, and controls implemented as part of the adoption and had not been previously subject to testing.

Our audit procedures with the assistance of our actuarial specialist, where applicable included among others:

- obtaining an understanding of the Group's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Group's accounting policies, systems, processes and controls;
- evaluating and assessing management's process to identify takaful arrangements, to determine the appropriate grouping for such arrangements and to determine whether the use of the CAA under FAS 43 was appropriate;
- validating the application of measurement model choice for selected sample groups of arrangements, including testing for CAA including testing for onerosity;
- challenging key judgments and estimates made by management in relation to transition. This includes evaluating the reasonableness of management's key estimates and judgements over classification and measurement decisions;
- considering the appropriateness of the transition approach, this includes evaluating management's process for identifying arrangements to be assessed based on the selected transition approach;



Independent auditor's report (continued)

Al Khaleej Takaful Insurance Company Q.P.S.C.

Key Audit Matters (continued)

Transition to FAS 42 "Presentation and Disclosures in the financial statements of Takaful Institutions" and FAS 43 "Accounting for Takaful: Recognition and Measurement" (continued)

<ul style="list-style-type: none">• The adjustment made to retained earnings upon transition to FAS 43 is disclosed in note 37 of the consolidated financial statements.• The adoption of this standard has had a significant impact on the reported financial position and performance of the Group, including key performance indicators. <p>Because of the significance of the impact of the adoption of FAS 42 and FAS 43, this was identified as key audit matter.</p>	<ul style="list-style-type: none">• assessing the adequacy of the transition adjustments impact for FAS 43 on the opening retained earnings as at 1 January 2024;• evaluating the completeness of data used in preparing the transition adjustment; and• assessing the adequacy of the Group's transitional disclosures requirements in line with the relevant accounting standards.
--	--

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We will perform assurance engagements on the internal controls over financial reporting and the Company's compliance with the provisions of the Qatar Financial Markets Authority's Governance Code for Listed Companies that will form part of the other information and will provide separate assurance practitioner's conclusion thereon that will be included within the other information.

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

Responsibilities of Board of Directors for the Consolidated Financial Statements

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

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



Independent auditor's report (continued)

Al Khaleej Takaful Insurance Company Q.P.S.C.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.



Independent auditor's report (continued)

Al Khaleej Takaful Insurance Company Q.P.S.C.

Report on Other Legal and Regulatory Requirements

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

- I. We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- II. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- III. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Group.
- IV. We are not aware of any violations of the applicable provisions of the amended QCCL, or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2025.

11 February 2026
Doha
State of Qatar

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



Al Khaleej Takaful Insurance Company Q.P.S.C.

**Consolidated statement of financial position
As at 31 December 2025**

In Qatari Riyals

	Notes	31 December 2025	31 December 2024 (Restated)	1 January 2024 (Restated)
Policyholders' assets				
Cash and cash equivalents	6	41,242,260	48,542,902	24,763,022
Time deposits	6	50,000,000	50,000,000	40,950,000
Investment securities	7	16,618,086	16,711,779	16,059,689
Retakaful arrangement asset	8	105,265,290	104,995,457	146,052,638
Other receivables and prepayments	9	4,268,781	5,637,664	5,969,982
Investment properties	11	27,983,600	28,061,100	28,739,797
Total policyholders' assets		245,378,017	253,948,902	262,535,128
Shareholders' assets				
Cash and cash equivalents	6	40,822,857	41,245,573	49,085,784
Time deposits	6	110,100,000	155,100,000	128,750,000
Investment securities	7	288,256,527	208,330,334	158,559,655
Retakaful arrangement asset		-	74,760	398,721
Other receivables and prepayments	9	4,207,219	7,145,368	6,642,038
Right-of-use assets	10	26,188,358	27,058,130	27,927,902
Investment properties	11	201,708,994	202,585,391	205,859,103
Property and equipment	12	3,518,952	3,987,023	4,870,475
Investment in associate	13	26,548,705	25,385,269	57,624,756
Total shareholders' assets		701,351,612	670,911,848	639,718,434
Total assets		946,729,629	924,860,750	902,253,562

The Consolidated Statement of Financial Position continues next page.



The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

**Consolidated statement of financial position
As at 31 December 2025**

In Qatari Riyals

	Notes	31 December 2025	31 December 2024 (Restated)	1 January 2024 (Restated)
Policyholders' equity				
Retained surplus		23,589,730	52,846,651	52,637,227
Fair value reserve	19	6,918,790	7,279,175	6,491,796
Total policyholders' equity		30,508,520	60,125,826	59,129,023
Policyholders' liabilities				
Takaful arrangement liabilities	8	192,797,270	177,536,355	176,588,761
Accounts payable and other liabilities	14	22,072,227	16,286,721	26,817,344
Total policyholders' liabilities		214,869,497	193,823,076	203,406,105
Total policyholders' equity and liabilities		245,378,017	253,948,902	262,535,128
Shareholders' liabilities				
Takaful arrangement liabilities		1,060,509	1,135,509	1,460,509
Ijarah liabilities	20	4,196,800	4,073,199	4,136,276
Accounts payable and other liabilities	14	33,373,648	30,340,104	30,076,386
Deferred wakala income		32,706,309	30,802,838	29,370,564
Provision for income tax	22	2,173	2,173	2,173
Employees' end of service benefits	15	8,734,304	7,599,117	6,669,094
Total shareholders' liabilities		80,073,743	73,952,940	71,715,002
Shareholders' equity				
Share capital	16	255,279,020	255,279,020	255,279,020
Legal reserve	17	255,279,020	255,279,020	255,279,020
General reserve	18	75,477	75,477	75,477
Fair value reserve	19	(1,237,429)	1,522,047	2,179,238
Real estate reserve	11	22,372,855	26,352,439	28,236,722
Reserve for share of associates	26	20,052,370	18,823,799	28,025,661
Retained earnings / accumulated losses		69,456,556	39,627,106	(1,071,706)
Total shareholders' equity		621,277,869	596,958,908	568,003,432
Total shareholders' liabilities and equity		701,351,612	670,911,848	639,718,434
Total policyholders' and shareholders' liabilities and equity		946,729,629	924,860,750	902,253,562

These consolidated financial statements were approved by the Group's Board of Directors on 11 February 2026 and signed on their behalf by:



Sheikh Mohamed Fahad Mohd Jaber Al Thani
Vice Chairman



Abdulla Ali Al-Assiri
Chief Executive Officer

The attached notes 1 to 38 form an integral part of these consolidated financial statements.



Al Khaleej Takaful Insurance Company Q.P.S.C.

**Consolidated statement of policyholders' revenues and expenses
For the year ended 31 December 2025**

In Qatari Riyals

	Notes	2025	2024 (Restated)
Recognised takaful contributions	8 (a)	524,095,653	437,767,988
Recognised takaful costs	8 (a)	(288,890,180)	(246,901,277)
Re-takaful net results	8 (b)	<u>(258,686,919)</u>	<u>(185,819,816)</u>
Takaful gross margin		<u>(23,481,446)</u>	<u>5,046,895</u>
Amortisation of deferred cost (related to provision of takaful arrangements)	8 (a)	(5,009,814)	(4,260,282)
Amortisation of deferred income (related to re-takaful arrangements held)	8 (b)	<u>3,638,376</u>	<u>3,464,648</u>
Net amortisation of deferred cost		<u>(1,371,438)</u>	<u>(795,634)</u>
Net takaful result		<u>(24,852,884)</u>	<u>4,251,261</u>
Income from deposits		2,844,414	3,472,298
Dividend income		902,778	890,980
Rental income		1,170,000	1,122,000
Mudarabah fee		(2,846,058)	(3,744,994)
Other income		247,091	32,588
Other expenses		(5,252,555)	(5,000,723)
Impairment loss on investments at FVOCI		(851,394)	(135,289)
Net provision for impairment on financial assets		(540,813)	-
Fair value loss on investment properties		(77,500)	(678,697)
Net (deficit) / surplus of revenues over expenses for the year		<u>(29,256,921)</u>	<u>209,424</u>



The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

**Consolidated statement of policyholders' surplus
For the year ended 31 December 2025**

In Qatari Riyals

	2025	2024 <i>(Restated)</i>
Retained surplus balance at the beginning of the year	52,846,651	52,637,227
Deficit / surplus for the year	<u>(29,256,921)</u>	<u>209,424</u>
Retained surplus balance at end of the year	<u>23,589,730</u>	<u>52,846,651</u>



The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of shareholders' income
For the year ended 31 December 2025

In Qatari Riyals

	Notes	2025	2024 (Restated)
Recognised takaful costs – net		240	3,423
Takaful gross margin		240	3423
Net takaful result		240	3423
Income			
Wakala fee – earned		83,536,982	76,242,778
Mudarabah fee		2,846,058	3,744,994
Net realized gain on sale of investment		1,945,488	1,028,395
Dividend income		4,342,153	5,190,838
Rental income		11,771,088	11,791,960
Income from deposits and sukuks		11,736,244	9,964,276
Share of profit from associates	13	14,228,571	17,565,907
Gain on sale of property and equipment		5,500	15,000
Gain on sale of investment in associates		-	1,079,994
Other income		1,374,788	3,746,547
Total income		131,786,872	130,370,689
Expenses			
General and administrative expenses	21	(50,517,067)	(44,119,984)
Depreciation		(2,874,536)	(2,473,966)
Amortisation of deferred ijarah	20	(159,551)	(161,580)
Impairment loss on investment securities	7	(1,992,014)	(3,082,850)
Fair value loss on investment properties		(1,024,862)	(3,077,928)
(Provision) / reversal for impairment on financial assets		(1,014,538)	9,941
Board of directors' remuneration	23	(2,970,000)	(3,200,000)
Total expenses		(60,552,568)	(56,106,367)
Net income before income tax		71,234,544	74,267,745
Income tax		(106,468)	-
Net income after tax		71,128,076	74,267,745
Basic and diluted earnings per share (QR per share)		0.279	0.291



The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of shareholders' comprehensive income
For the year ended 31 December 2025

In Qatari Riyals

	2025	2024 (Restated)
Net income after income tax	<u>71,128,076</u>	<u>74,267,745</u>
Other comprehensive income (OCI)		
<i>Items that may be subsequently classified to consolidated income statement</i>		
Fair value changes of equity-type investments classified as fair value through other comprehensive income	(2,694,341)	926,427
Net change in the share of other comprehensive income reserves of associates	<u>(65,135)</u>	<u>(1,583,618)</u>
Total other comprehensive loss for the year	<u>(2,759,476)</u>	<u>(657,191)</u>
Total comprehensive income for the year	<u>68,368,600</u>	<u>73,610,554</u>



The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of changes in shareholders' equity
For the year ended 31 December 2025

In Qatari Riyals

	Share capital	Legal reserve	General reserve	Fair value reserve	Real estate reserve	Reserve for share of profits of associates	Retained earnings / accumulated losses	Total
Balance at 1 January 2025 (Restated)	255,279,020	255,279,020	75,477	1,522,047	26,352,439	18,823,799	39,627,106	596,958,908
Net income for the year	-	-	-	-	-	-	71,128,076	71,128,076
Movement in fair value reserve	-	-	-	(2,694,341)	-	-	-	(2,694,341)
Transfer from reserve for share of profits of associates	-	-	-	-	(3,979,584)	-	-	(3,979,584)
Movement in fair value reserve of Associate	-	-	-	(65,135)	-	-	-	(65,135)
Transfer to reserve for share of profits of associates	-	-	-	-	-	1,228,571	(1,228,571)	-
Social and sports fund appropriation	-	-	-	-	-	-	(1,778,202)	(1,778,202)
Dividends (Note 35)	-	-	-	-	-	-	(38,291,853)	(38,291,853)
Balance as at 31 December 2025	255,279,020	255,279,020	75,477	(1,237,429)	22,372,855	20,052,370	69,456,556	621,277,869



The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

Consolidated statement of changes in shareholders' equity (continued)
For the year ended 31 December 2025

In Qatari Riyals

	Share capital	Legal reserve	General reserve	Fair value reserve	Real estate reserve	Reserve for share of profits of associates	Retained earnings / accumulated losses	Total
Balance at 1 January 2024 (as previously reported)	255,279,020	255,279,020	75,477	2,179,238	28,236,722	28,025,661	28,298,858	597,373,996
Effect of restatement (Note 37)	-	-	-	-	-	-	(29,370,564)	(29,370,564)
Balance at 1 January 2024 (Restated)	255,279,020	255,279,020	75,477	2,179,238	28,236,722	28,025,661	(1,071,706)	568,003,432
Net income for the year (Restated)	-	-	-	-	-	-	74,267,745	74,267,745
Movement in fair value reserve	-	-	-	926,427	-	-	-	926,427
Movement in fair value reserve of real estate	-	-	-	-	(1,884,283)	-	-	(1,884,283)
Movement in fair value reserve of Associate	-	-	-	(1,583,618)	-	-	-	(1,583,618)
Transfer from reserve for share of profits of associates	-	-	-	-	-	(9,201,862)	(1,042,933)	(10,244,795)
Social and sports fund appropriation	-	-	-	-	-	-	(1,892,500)	(1,892,500)
Dividends (Note 35)	-	-	-	-	-	-	(30,633,500)	(30,633,500)
Balance as at 31 December 2024 (Restated)	<u>255,279,020</u>	<u>255,279,020</u>	<u>75,477</u>	<u>1,522,047</u>	<u>26,352,439</u>	<u>18,823,799</u>	<u>39,627,106</u>	<u>596,958,908</u>



The attached notes 1 to 38 form an integral part of these consolidated financial statements.

Al Khaleej Takaful Insurance Company Q.P.S.C.

**Consolidated statement of cash flows
For the year ended 31 December 2025**

In Qatari Riyals

	Note	2025	2024
			<i>(Restated)</i>
Cash flows from operating activities			
Net income before tax for the year		71,234,544	74,267,745
Policyholders' surplus for the year		(29,256,921)	209,424
		41,977,623	74,477,169
<i>Adjustments for:</i>			
Depreciation		2,874,536	2,473,966
Amortisation of deferred ijarah cost		159,551	161,580
Income from deposits and sukuks		(14,580,658)	(13,436,574)
Net realised gains on sale of investments		(1,945,488)	(1,028,395)
Gain on sale of property and equipment		(5,500)	(15,000)
Dividend income		(5,244,931)	(6,081,818)
Impairment loss on investment securities		2,843,408	3,218,139
Fair value loss on investment properties		1,102,362	3,756,625
Net provision / (reversal) for impairment on financial assets		1,555,351	(9,941)
Provision for employees' end of service benefits		1,232,140	976,937
Rental income		(12,941,088)	(12,913,960)
Share of profit of associates		(14,228,571)	(17,565,907)
Gain on sale of investment in associates		-	(1,079,994)
Operating profit before working capital changes		2,798,735	32,932,827
<i>Changes in:</i>			
Retakaful arrangement asset		(195,073)	41,381,142
Other receivables and prepayments		2,751,681	(161,071)
Takaful arrangement liabilities		15,185,915	622,594
Accounts payable and other liabilities		7,187,180	(11,172,413)
Deferred wakala income		1,903,471	1,432,274
Cash generated from operating activities		29,631,909	65,035,353
Employees' end of service benefits – paid		(96,953)	(46,914)
Income tax – paid		(106,468)	-
Net cash generated from operating activities		29,428,488	64,988,439
Cash flows from investing activities			
Additions to investment at FVOCI		(55,087,687)	(39,126,367)
Proceeds from sales of investment at FVOCI		61,781,694	21,738,839
Additions to investment at FVTPL		(24,114,842)	(2,068,642)
Proceeds from sales of investment at FVTPL		1,825,000	5,946,475
Net movement in sukuks at amortised cost		(68,189,311)	(37,389,012)
Addition to property and equipment		(1,536,693)	(720,742)
Proceeds from disposal of fixed assets		5,500	15,000
Addition to investment properties		(4,128,049)	(1,688,499)
Income from deposits and sukuks		14,580,658	13,436,574
Dividend income received		5,244,931	6,081,818
Dividend received from associates		13,000,000	10,014,422
Rental income		12,941,088	12,913,960
Net movement in term deposits		45,000,000	(35,400,000)
Proceeds from sale of investment in associates		-	29,042,553
Net cash generated from / (used in) investing activities		1,322,289	(17,203,621)
Cash flows from financing activities			
Dividends paid to shareholders		(38,438,185)	(31,620,492)
Payment of ijarah liabilities		(35,950)	(224,657)
Net cash used in financing activities		(38,474,135)	(31,845,149)
Net (decrease) / increase in cash and cash equivalents		(7,723,358)	15,939,669
Cash and cash equivalents at 1 January		89,788,475	73,848,806
Cash and cash equivalents at 31 December	6	82,065,117	89,788,475

The attached notes 1 to 38 form an integral part of these consolidated financial statements.



Al Khaleej Takaful Insurance Company Q.P.S.C.

Notes to the consolidated financial statements As at and for the year ended 31 December 2025

1. Legal status and activities

Al Khaleej Takaful Insurance Company Q.P.S.C. (the "Company") is a Qatari public shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 53 issued on 21 December 1978 and listed on Qatar Exchange. The Company's registered address is Grand Hamad Street, Doha 4555 Qatar. The Company and its subsidiaries (together referred to as the "Group") are engaged in the business of Takaful and other investments.

The principal subsidiaries of the Group and direct ownership percentages for the current and comparative years are as follows:

Name of Subsidiary	Ownership	Country of incorporation	Principal Activities
Qatar Takaful Co. W.L. L*	100%	Qatar	Primarily engaged in activities in accordance with Islamic Sharia principles on a non-usury basis in all areas of takaful.
Mithaq Investments W.L. L	100%	Qatar	Primarily engaged in investments.

*The subsidiary of the Group is in the process of liquidation in accordance with the Qatar Central Bank's circular No. 2 of 2023.

2. Basis of preparation

a) Statement of compliance and preparation

These consolidated financial statements have been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").

In accordance with the provisions of the Articles of Association of the Company, which require the segregation and separate reporting of transactions and balances relating to policyholders and shareholders, all risks and rewards arising from the takaful business are attributable to the policyholders and the consolidated financial statements have been prepared accordingly.

Prior to the year 2010, the Group was undertaking conventional insurance business. The Group converted its business to takaful business on 1 January 2010. Accordingly, as of that, the Group discontinued conventional insurance business and all outstanding insurance policies were transferred to the shareholders' accounts. Any related claims/recoveries resulting from these policies are separately shown under shareholders' consolidated income statement.

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

b) Functional and presentational currency

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

c) Basis of measurement

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

2. Basis of preparation (continued)

d) Significant accounting judgment, estimates and assumptions

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

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

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

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

3.1 New standard, interpretations and amendments effective from 1 January 2025

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

(i) FAS 42 - Presentation and Disclosures in the Financial Statements of Takaful Institutions

Effective 1 January 2025, the Group adopted FAS 42, which superseded FAS 12 - General Presentation and Disclosure in the Financial Statements of Islamic Insurance Companies. FAS 42 sets out the principles for presentation and disclosure in the financial statements of takaful institutions and is applied together with FAS 43. Key features include alignment with the AAOIFI Conceptual Framework (Revised 2020), segregation of the takaful operator from participants' funds (PTF and PIF), separate statements for managed funds, relocation of Zakah, charity and Qard Hasan disclosures to the notes, and updated definitions of takaful terms.

(ii) FAS 43 - Accounting for Takaful: Recognition and Measurement

Effective 1 January 2025, the Group also adopted FAS 43, which must be applied together with FAS 42. FAS 43 superseded FAS 13 - Disclosure of Bases for Determining and Allocating Surplus or Deficit in Islamic Insurance Companies, FAS 15 - Provisions and Reserves in Islamic Insurance Companies and FAS 19 - Contributions in Islamic Insurance Companies and introduced comprehensive principles for recognition and measurement of takaful arrangements issued and re-takaful arrangements held. The Group applied the full retrospective approach, restated comparative information for 2024, and recognised the cumulative impact in equity as at 1 January 2025.

On transition, the Group identified and measured each group of takaful arrangements as if FAS 43 had always been applied, recognised assets for takaful acquisition cash flows, derecognised balances not permitted under FAS 43 (such as certain deferred acquisition costs, receivables, payables and impairment provisions), and recognised the net adjustment directly in equity.

Transition to new standards

FAS 43 also prescribes the transition approaches that must be applied to determine the opening transition balances. The Group has adopted a full retrospective approach and restated comparative information for 2024 applying the transitional provisions.

- Identified, recognised and measured each group of takaful arrangements as if FAS 43 had always been applied;

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

3.1 New standard, interpretations and amendments effective from 1 January 2025 (continued)

Transition to new standards (continued)

- Identified, recognised and measured assets for takaful acquisition cash flows and deferred wakala as if FAS 43 had always been applied;
- Derecognised any existing balances that would not exist had FAS 43 always been applied. These included some acquisition cost assets, receivables and payables, and provisions for ECL and bad debts that are attributable to existing takaful arrangements. Under FAS 43, they are included in the measurement of the takaful arrangements;
- Recognised any resulting net difference in equity.

Arrangements within the scope of FAS 43 must now apply the prescribed measurement models. FAS 43 permits three possible measurement models namely the General Approach (GA), the Contribution Allocation Approach (CAA) and the Variable Fee Approach (VFA).

The Company uses the CAA to measure groups of takaful arrangements issued and retakaful arrangements held with a entitlement period of one year or less. For groups of arrangements where the entitlement period is over one year, the Group performs an assessment to determine if the CAA would produce a measurement of the provision for remaining entitlement period materially different from the one produced by the GA. Based on the results of the assessment, the Group determines that all takaful arrangements issued, and retakaful arrangements held are measured by the CAA measurement approach, except for longer-term individual life takaful portfolio that is in runoff, where the General Approach of FAS 43 has been applied.

Changes to classification and measurement

Adoption of FAS 43 did not change the classification of the Group's takaful arrangements. However, it replaced the earned contribution approach under IFRS 4 with CAA principles, requiring recognition of:

- a provision for the remaining entitlement period,
- a liability for incurred claims, and
- a risk adjustment for non-financial risk.

Measurement of these balances is based on present value of fulfilment cash flows, with explicit identification of onerous groups through a loss component.

Re-takaful arrangements are measured consistently with underlying takaful arrangements, with a loss-recovery component recognised for expected recoveries on onerous groups. Wakala fees and takaful acquisition costs are amortised in line with the earning pattern for all lines of businesses.

Presentation and disclosures

FAS 42 significantly changed the presentation of the Group's consolidated financial statements. In the consolidated statement of financial position, takaful and re-takaful arrangements are aggregated and presented separately as portfolios of assets or liabilities. Portfolios of takaful arrangements issued include any asset for takaful acquisition cash flows.

In the consolidated statement of policyholders' revenue and expenses, the previous line items such as gross contributions, earned contributions, re-takaful commission and gross claims paid have been replaced with new categories that reflect the requirements of the standards, namely: takaful revenue, takaful service expenses, net income or expenses from re-takaful arrangements held, and takaful finance income or expenses.

Comparative figures for 2024 have been restated accordingly. Further details of the Group's significant accounting policies under FAS 42 and FAS 43 are provided in Note 4.

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

3.2 New standard, interpretations and amendments issued but not effective

(i) FAS 48 – Promotional Gifts and Prizes

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

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

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

4. Significant accounting policies

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

A. Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

4. Significant accounting policies (continued)

A. Basis of Consolidation (continued)

(i) *Subsidiaries (continued)*

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

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

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

(ii) *Non-controlling interest*

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

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

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

(iii) *Transactions eliminated on consolidation*

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

B. Takaful and re-takaful arrangements classification

The Group issues takaful arrangements in the normal course of business. This includes life and non-life takaful arrangements to individuals and businesses. Non-life takaful products include Motor, Marine, Medical, Fire, Engineering, Energy and General Accident. These products offer protection of participant's assets and indemnification of other parties that have suffered damage because of a participant's accident.

The Group does not issue any arrangements with direct investment component.

4. Significant accounting policies (continued)

C. Takaful and re-takaful arrangements accounting treatment

(a) Separating components from takaful and re-takaful arrangements

The Group assesses its takaful and re-takaful arrangements to determine whether they contain non-takaful components which must be accounted for under other relevant FAS instead of under FAS 43. After separating any non-takaful components, the Group applies FAS 43 to all remaining components of the takaful arrangements. Currently, the Group's products do not include any non-takaful components that are distinct and measurable.

(b) Level of aggregation

FAS 43 requires the Group to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of arrangements with similar risks which are managed together.

The Group further disaggregated into groups of arrangements that are issued within a calendar year (annual cohorts) and are:

- i) arrangements that are onerous at initial recognition;
- ii) arrangements that at initial recognition have no significant possibility of becoming onerous subsequently; or
- iii) a group of remaining arrangements in the portfolio.

The profitability of groups of arrangements is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no arrangements in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For arrangements 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 Group considers facts and circumstances to identify whether a group of arrangements are onerous based on:

- Pricing information.
- Loss ratios and risk adjustment.
- Results of similar arrangements it has recognised.
- Environmental factors, e.g., a change in market experience or regulations.

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

(c) The boundary of a takaful arrangement

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

4. Significant accounting policies (continued)

C. Takaful and re-takaful arrangements accounting treatment (continued)

(c) *The boundary of a takaful arrangement (continued)*

- The Group has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflect 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 arrangements that contain the arrangement and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
 - The pricing of the contributions up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date. A liability or asset relating to expected contributions or claims outside the boundary of the takaful arrangement is not recognised. Such amounts relate to future takaful arrangements.

(d) *Recognition*

(i) *Timing of Recognition*

The Group recognises a takaful arrangement it issues, in the books of PTF, at the earlier of:

- (a) the date when a participant becomes a member of the PTF (and accordingly becomes entitled to the takaful benefits in the form of sharing of risks), which may be evidenced through either the payment of contribution or issuance of takaful arrangement documents; or
- (b) the date when the takaful arrangement, being part of a group or an unavoidable commitment to the takaful arrangement, becomes onerous (even if it happens before the date applicable as per paragraph (a)).

The Group adds new arrangements to the group in the reporting period in which that arrangement meets one of the criteria set out above.

For a group of arrangements that is not onerous at initial recognition, the Group measures provision for a takaful arrangement shall be measured at the total of the following estimates:

- (a) Takaful fulfilment cash flows, pertaining to PTF, comprising of:
 - i) an estimate of gross future cash flows (including, and distinguishing, the cash flows related to wakala fee)
 - ii) deferred cost being the difference between gross future cash flows (as referred to in (i) above) and their respective fair value of future cash flows (which include adjustment related to the financial risks in so far as the same are not included in (i) above);
 - iii) risk adjustment for the non-financial risks; and
- (b) The takaful residual margin (TRM).

The Group applies the Contribution Allocation Approach (CAA) to all takaful and re-takaful arrangements it issues or holds, except for longer-term individual life takaful portfolio that is in runoff, where the General Approach of FAS 43 has been applied.

4. Significant accounting policies (continued)

C. Takaful and re-takaful arrangements accounting treatment (continued)

(d) Recognition (continued)

(ii) Initial recognition of takaful residual margin

The takaful residual margin shall be measured as the difference of the amount of:

- (a) takaful fulfilment cash flows that were initially recognized;
- (b) any cash flows arising from the takaful arrangement at that date; and
- (c) the derecognition of any asset for takaful acquisition cashflows and any other asset or liability previously recognised relating to the cash flows of the arrangement at the date of initial recognition.

The takaful residual margin is a component of the provision (or net cost, in case of certain re-takaful arrangements held) for a takaful arrangement that represents the unearned surplus (or deficit) that will be recognised over the period of (and where appropriate, according to the pattern of) the participant's entitlement for benefits under the takaful arrangement

(iii) Initial recognition of onerous arrangements

A takaful arrangement is onerous at the date of initial recognition, if the takaful fulfilment cash flows, any previously recognised takaful acquisition cash flows and any cash flows arising from the takaful arrangement at the date of initial recognition, in total are a net outflow and such takaful arrangement shall be separately classified from the takaful arrangements that are not onerous

(iv) Subsequent measurement of the provision for a takaful arrangement

The carrying amount of the provision for a takaful arrangement at the end of each reporting period shall be the sum of:

- (a) the provision for the remaining entitlement period comprising of:
 - i) the takaful fulfilment cash flows related to future benefits allocated to the takaful arrangement at that date.
 - ii) the takaful residual margin of the takaful arrangement at that date; and
- (b) the liability for incurred claims, comprising of takaful fulfilment cash flows related to the past benefits allocated to the takaful arrangement at that date.

The income and expenses shall be recognised in the statement of financial activities of the managed PTF for the following changes in the carrying amount of the provision for remaining entitlement period:

- (a) recognise contribution (as an income) representing the reduction in the provision for the remaining entitlement period because of benefits provided during the period.
- (b) expenses representing losses (and any reversal of losses) on onerous arrangements; and
- (c) amortisation (or adjustment) of deferred cost (including any experience adjustment and financial risk elements).

4. Significant accounting policies (continued)

C. Takaful and re-takaful arrangements accounting treatment (continued)

(d) Recognition (continued)

(v) Subsequent measurement of takaful residual margin

The carrying amount of the Takaful residual margin of a Takaful arrangement at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

- (a) the effect of any new arrangements added, in case of accounting being performed collectively for a group.
- (b) the amortisation of deferred takaful residual margin over the entitlement period – through a systematic method reflecting the pattern of utilisation of entitlement for benefits;
- (c) the changes in takaful fulfilment cash flows relating to future benefits, except:
 - i) the increases in the takaful fulfilment cash flows that exceed the carrying amount of the takaful residual margin, giving rise to a loss; or
 - ii) the decreases in the takaful fulfilment cash flows that are allocated to the loss component of the provision for the remaining entitlement period.
- (d) the effect of any currency exchange differences on the takaful residual margin; and
- (e) the contribution recognised as income in the statement of financial activities of the managed PTF because of the provision of benefits in the period, determined by the allocation of the takaful residual margin remaining at the end of the reporting period (before any allocation) over the current and remaining entitlement period.

The takaful residual margin recognised during the period is taken to the statement of financial activities of the managed PTF.

(vi) Subsequent changes in onerous arrangements

A Takaful arrangement becomes onerous (or more onerous) on subsequent measurement, if the carrying amount (unamortised) of the takaful residual margin is less than the unfavourable changes in the takaful fulfilment cash flows allocated to the takaful arrangement relating to future benefits.

After the recognition of a loss on an onerous arrangement, the subsequent changes in the estimates of takaful fulfilment cash flows for the remaining entitlement period is allocated on a systematic basis between:

- (a) the loss component of the provision for remaining entitlement period; and
- (b) the provision for the remaining entitlement period, excluding the loss component

(vii) Loss component

In connection to onerous arrangements, the loss component is the amount equivalent to the total amount recognised in the statement of financial activities of the managed PTF to date, on initial recognition or subsequent measurement of the takaful arrangement as onerous (net of any already recognised reversals).

Accordingly, by the end of the entitlement period of the group of arrangements the loss component will be zero.

4. Significant accounting policies (continued)

C. Takaful and re-takaful arrangements accounting treatment (continued)

(d) Recognition (continued)

(viii) Loss-recovery components

The Group recognises a loss on initial recognition of an onerous group of underlying takaful arrangements, or when further onerous underlying takaful arrangements are added to a group, the Group establishes a loss-recovery component of the asset for remaining entitlement for a group of re-takaful arrangements held depicting the expected recovery of the losses.

Upon recovery of recognised losses in subsequent periods, a loss-recovery component of an asset for the remaining entitlement period is correspondingly reversed by the Group.

(ix) Re-Takaful arrangements held - initial measurement

A PTF shall recognise an asset (or provision, as the case may be) for re-takaful arrangements held:

- (a) if the re-takaful arrangements held provide a proportionate entitlement period – at the beginning of the entitlement period of the re-takaful arrangement held or at the initial recognition of any underlying takaful arrangement (whereby in case of underlying onerous arrangement, the corresponding effect shall be immediately recognised), whichever is the later; and
- (b) in all other cases – from the beginning of the entitlement period of the re-takaful arrangement held.

A re-takaful arrangement held that provides proportionate benefits against underlying takaful arrangements shall not be initially recognised until the date that any underlying takaful arrangement(s) is initially recognised if that date is later than the beginning of the entitlement period of such re-takaful arrangement.

The Group measures its re-takaful assets for a group of re-takaful arrangements that it holds on to the same basis as takaful arrangements that it issues. However, they are adapted to reflect the features of re-takaful arrangements held that differ from takaful arrangements issued.

Where the Group recognises a loss on initial recognition of an onerous underlying takaful arrangement (or on the addition of an onerous underlying takaful arrangement to a group), the takaful residual margin of a related re-takaful arrangement held (to such extent) shall be immediately recognised in the statement of managed financial activities of the managed PTF.

The loss-recovery component adjusts the carrying amount of the assets for remaining entitlement benefits upon recovery of losses in subsequent periods.

(x) Re-takaful arrangements held - subsequent measurement

The takaful residual margin at the end of the reporting period in respect of re-takaful arrangements held shall be computed as the carrying amount determined at the start of the reporting period, adjusted for:

- (a) the effect of any new arrangements;
- (b) amortisation of deferred cost added back to the carrying amount of the takaful residual margin;
- (c) changes in the takaful fulfilment cash flows to the extent that the change:
 - i) relates to the future benefit settlement; unless
 - ii) it results from a change in the takaful fulfilment cash flows allocated to the underlying takaful arrangement that does not adjust the takaful residual margin for the underlying takaful arrangement.

4. Significant accounting policies (continued)

C. Takaful and re-takaful arrangements accounting treatment (continued)

(d) Recognition (continued)

(x) *Re-takaful arrangements held - subsequent measurement (continued)*

- (d) the effect of any currency exchange differences arising on the takaful residual margin; and
- (e) the amount recognised in the statement of financial activities of the managed PTF because of benefits received in the period, determined by the allocation of the takaful residual margin remaining at the end of the reporting period of the re-takaful arrangements held.

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

A re-takaful arrangement held cannot be onerous under the requirements of the applicable standards.

(e) *Takaful acquisition cash flows*

Takaful acquisition cash flows arise from the costs borne by the PTF directly attributable to acquisition of a takaful arrangement.

These include costs initially borne by the PTF e.g. Surveyor's costs, initial medical costs, documentation / legal charges, tracker or other security devices costs, etc. but do not include:

- i) Wakala fee; or
- ii) commission (in case it is borne by the takaful institution against wakala fee, in line with relevant Sharifah principles and rules, as well as contractual and regulatory requirements); or
- iii) directly related taxes (as these do not constitute part of contributions and are to be recorded directly as a liability).

Under the Contribution Allocation Approach, where the entitlement period of all arrangements within a group is no longer than one year, takaful acquisition cash flows can either be expensed as incurred or amortised over the entitlement period of the related group. Therefore, for all groups where Contribution Allocation Approach is applicable, takaful acquisition cash flows, if any, are amortised over the entitlement period of the related group.

For groups containing arrangements longer than one year, takaful acquisition cash flows must be amortised over the entitlement period of the related group.

The asset for takaful acquisition cash flow is derecognised from the consolidated statement of financial position when the takaful acquisition cash flows are included in the initial measurement of the related group of takaful arrangements.

(f) *Takaful acquisition service costs*

The Group may either recognise the takaful acquisition service costs immediately as an income or expense in the books of the shareholder or amortise it over a period commensurate with the corresponding flow of economic benefits.

Takaful acquisition service costs, if any, are amortised over the entitlement period of the related group.

4. Significant accounting policies (continued)

C. Takaful and re-takaful arrangements accounting treatment (continued)

(g) Takaful arrangements - modification and derecognition

A Takaful institution shall derecognise a takaful arrangement when, and only when:

- (a) it is extinguished, i.e., when the obligations specified in the arrangement are expired, discharged or cancelled; or
- (b) the terms of the arrangement are modified by mutual agreement or by a change in regulations, and the takaful institution recognises the modified arrangement as a new arrangement.

D. Revenue recognition

Takaful revenue

Policyholders' funds (PTF/PIF). Revenue from takaful arrangements is recognised as recognised takaful contributions in accordance with FAS 43. Revenue is recognised over the entitlement (coverage) period to depict the transfer of services to participants. Written contributions are not recognised as revenue at inception.

For groups measured under the Contribution Allocation Approach (CAA), revenue is generally recognised on a time-apportioned basis unless another pattern better reflects the release of risk. Changes in estimates relating to past service are presented within recognised takaful costs.

Net amortisation of deferred cost

Amortisation of deferred cost (related to provision of takaful arrangements) and Amortisation of deferred income (related to re-takaful arrangements held) is presented on a net basis as disclosed in note 4 (C). It comprises the effects of the time value of money and changes in financial risk on the measurement of takaful liabilities and re-takaful assets.

Wakala fee

The shareholders' fund earns a wakala fee from the policyholders' fund for managing takaful operations; the fee is recognised in line with the pattern of services provided (issuance versus ongoing administration) and is approved annually by the Board and the Sharia Supervisory Board.

Mudarabah share

The Mudarabah share represents management fee payable to the shareholders by the policyholders for managing their investments. A rate of 70% (2024: 70%) of the net income received on the investments of the policyholders is recognized as Mudarabah share. The actual rate for each year is determined by the Sharia Supervisory Board with co-ordination with the Group's Board of Directors.

Dividend income

Dividend income from investments is recognized when the Group's right to receive payment has been established.

Rental income

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

Income from deposits and sukuks

Income from deposits is recognised based on the Group's share of profits distributed by banks, considering the principal outstanding. Income from sukuks is recognised on accrual basis reflecting the contractual rights to income as specified in the sukuk agreement.

4. Significant accounting policies (continued)

E. Investment securities

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

Classification

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

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

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

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

(i) Amortized cost

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

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

(ii) Fair value through other comprehensive income

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

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

(iii) Fair value through income statement

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

Irrevocable classification at initial recognition

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

- a) an equity-type instrument that would otherwise be measured at fair value through income statement, to present subsequent changes in fair value through other comprehensive income; and
- b) a non-monetary debt-type instrument or other investment instrument, as measured at fair value through income statement if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or correlated liabilities or recognizing the gains and losses on them on different bases.

4. Significant accounting policies (continued)

E. Investment securities (continued)

Recognition and derecognition

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

Measurement

a) *Initial recognition*

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

b) *Subsequent measurement*

Investments at fair value through income statement are remeasured at fair value at the end of each reporting period and the resultant remeasurement gains or losses are recognized in the consolidated statement of policyholders' revenue and expenses and consolidated statement of income in the period in which they arise.

Investments classified at amortized cost are measured at amortized cost using the effective profit method less any impairment allowance. All gains or losses arising from the amortization process and those arising on de-recognition or impairment of the investments, are recognized in the consolidated statement of policyholders' revenue and expenses and consolidated statement of income.

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

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

Measurement principles

Amortized cost measurement

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

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or an obligation settled between well informed and willing parties (seller and buyer) in an arm's length transaction. The Group measures the fair value of quoted investments using the market bid price for that instrument at the close of business on the statement of financial position date. For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same or is based on the assessment of future cash flows. The cash equivalent values are determined by the Group by discounting future cash flows at current profit rates for contracts with similar term and risk characteristics.

4. Significant accounting policies (continued)

F. Financial assets

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

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

I. Cash and cash equivalents

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

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

II. Impairment of financial assets

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

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

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

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

- a) Assets and exposures subject to credit risk (subject to credit losses approach):
 - (i) Receivables; and
 - (ii) Off-balance sheet exposures.
- b) other financing and investment assets and exposures subject to risks other than credit risk (subject to impairment approach).

Credit losses approach

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

Expected credit losses ('ECL')

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

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

4. Significant accounting policies (continued)

F. Financial assets (continued)

Measurement of ECL

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

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

Credit-impaired financial assets

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

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

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

Impairment approach

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

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

III. Change in estimate and reversal

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

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

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

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

Impairment losses previously recognized through the consolidated income statement are subsequently reversed through the income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

IV. Derecognition of financial assets

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

V. Offsetting

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

4. Significant accounting policies (continued)

G. Investment properties

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

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

Any unrealized gains arising from the change in the fair value of investment properties carried at fair value is recognized in equity against the "real estate reserve". Any unrealized losses resulting from remeasurement at fair value of investment properties carried at fair value is adjusted in real estate reserve to the extent of the available credit balance of this reserve. In case such losses exceed the available balance, the unrealized losses are recognized in the consolidated income statement. In case there are unrealized losses that have been recognized in the consolidated income statement in a previous financial year, the unrealized gains related to the current financial year is recognized to the extent of crediting back such previous losses in the consolidated income statement. Any excess of such gains over such prior-year losses is added to the real estate reserve.

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

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

H. Investment in associates (equity-accounted investees)

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

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

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of FAS 30 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FAS 30 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

4. Significant accounting policies (continued)

H. Investment in associates (equity-accounted investees) (continued)

Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with FAS 30 to the extent that the recoverable amount of investment subsequently increases.

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

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

I. Property and equipment

Recognition and measurement

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within other income in consolidated income statement.

Subsequent costs

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

Depreciation

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

Computer and equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

4. Significant accounting policies (continued)

I. Property and equipment (continued)

Depreciation (continued)

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

Gain or (losses) on disposal

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

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

Capital work in progress

Capital work in progress represents assets in the course of construction. When the assets are ready for its intended use, it is transferred from capital work in progress to the appropriate category of property and equipment and depreciated in accordance with the Group's policies. These are carried at cost, less any recognised impairment losses if any.

Reclassification to investment property

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

J. Right-of-use assets

Recognition and measurement

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

Subsequent measurement

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

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

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

Derecognition

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

4. Significant accounting policies (continued)

K. Impairment of non-financial assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible assets (fixed assets and investment property) 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

L. General and administrative expenses

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

M. Foreign currencies

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

N. Fair values

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

- financial assets at fair value through other comprehensive income in Note 7.
- financial assets at fair value through income statement in Note 7.
- quantitative disclosures of fair value measurement hierarchy in Note 32.
- disclosures for valuation methods, significant estimates and assumptions in Note 32.

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

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

4. Significant accounting policies (continued)

N. Fair values (continued)

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

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

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

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

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

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

External valuers are involved in the valuation of significant assets and liabilities, such as takaful contract liabilities. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

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

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

Financial assets at fair value through other comprehensive income / profit or loss

Quoted equity instruments

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

Managed funds

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

4. Significant accounting policies (continued)

N. Fair values (continued)

Unquoted equity instruments

At each reporting period, the management internally estimates the fair values of unquoted equity instruments using adjusted net asset value method.

Quoted bonds and debt instruments

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

Non-financial assets

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

O. Income Tax

Income tax

Income tax expenses recognized in the consolidated statement of income statement, comprises current and deferred tax attributed to the non-Qatari shareholders of the subsidiaries of the Group.

Current tax

Current tax comprises the expected tax payable on the taxable profit for the year. It is calculated on the basis of the tax laws enacted (Income Tax Law No. 24 of the year 2018) or substantively enacted at the reporting date in the State of Qatar. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts that are expected to be paid to the General Tax Authority.

Deferred tax

Deferred tax is recognized in respect of temporary differences arising between the carrying amounts of assets and liabilities reported in the Group's financial statements and their respective amounts used for tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled using tax rates based on tax laws that have been enacted or substantially enacted by the reporting date in the State of Qatar.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

4. Significant accounting policies (continued)

O. Income Tax (continued)

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

As at the reporting date, the Group did not have significant temporary differences between the carrying amount of assets or liabilities on its statement of financial position and their respective amounts used for tax purposes.

P. Ijarah

Group as a lessee (*Operating lease*):

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

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

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

4. Significant accounting policies (continued)

P. Ijarah (continued)

Group as a lessee (*Operating lease*) (continued):

Short-term ijarah and ijarah of low-value assets

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

Ijarah – Group as a lessee (Finance lease):

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

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

Q. Earnings per share

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

R. Segment reporting

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

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

4. Significant accounting policies (continued)

R. Segment reporting (continued)

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

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

S. Dividend distribution

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

T. Shari'a supervisory board

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

U. General reserve

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

V. Legal reserve

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

W. Share of profit from associates

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

5. Critical judgements and key sources of estimation uncertainty

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

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

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

- Going concern

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

- Impairment of investments at fair value through other comprehensive income

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

- Investment property valuation

The fair value of investment property is determined by independent real estate valuation experts with recent experience in the location and category of property being valued. The fair values are based on market value, being the estimated amount for which a property could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein parties had each acted knowledgeably. Refer note 11 for details of assumptions and estimation uncertainties at 31 December 2025.

- Impairment of financial assets

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

- Impairment of non-financial assets

The Group's management reviews and tests the carrying value of assets (except for investment property that is measured at fair value) when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs to.

- Liability adequacy test

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

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

- Estimates of future cash flows

In estimating future cash flows, the Group will incorporate, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. The assumptions will be based on internal historical claims experience as well as external data (benchmarks) to reflect the current claims and economic environment.

These assumptions will also reflect expected future developments such as inflation trends or changes in legislation when these have a material chance of materialising.

Cash flows within the boundary of an arrangement are those that relate directly to the fulfilment of the arrangement, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) participants, takaful acquisition cash flows and other costs that are incurred in fulfilling arrangements.

- Discount rates to arrive at the fair value

The FAS requirement to measure liabilities for Takaful arrangements using current discount rates will be a significant change from the Group's current practice.

Takaful arrangement liabilities are adjusted to represent their fair values by discounting expected future cash flows using yield curves based on the EIOPA USD rates with volatility adjustment. A country risk premium is also added to adjust for Qatar.

- Provision for remaining entitlement period (PRE) adjusted for its fair value

In case the cash outflows are spread over a period of more than one year, and the difference between the total expected cash outflows and their fair value is material, a Takaful operator shall adjust the carrying amount of the provision for remaining entitlement period to its fair value and shall record such difference initially as deferred cost.

For all group measured under Contribution Allocation approach, the difference between the total expected cash outflows and their fair value is not deemed material, therefore no such adjustment is made. While for long term takaful arrangements where Contribution Allocation Approach is not applicable, the required adjustment is applied.

- Liability for incurred claims for benefits, (LFIC) adjusted for time value of money

Under the Contribution Allocation Approach, the Takaful operator is not required to adjust future cash flows for the difference between the total cash flows and the fair value of those cash flows if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

For all businesses, the LFIC is adjusted for its fair value.

- Risk adjustments for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty in the amount and timing of the cash flows arising from groups of Takaful arrangements. It reflects a margin that the Group includes in its reserves to account for this uncertainty, ensuring that the fulfilment cash flows are sufficient even under adverse outcomes. The Group has adopted a confidence level of 65% for setting its risk adjustment, which is consistent with its risk appetite and market practice. This means the risk adjustment is calculated as the difference between the 65th percentile of the probability distribution of future cash flows and their mean, following the Value at Risk (VaR) methodology. This level is applied consistently across all product lines and includes diversification benefits where appropriate. While the risk adjustment is computed separately for Takaful liabilities and re-Takaful assets, the Group monitors it on a net of re-Takaful basis, aligning with the overall risk profile and financial reporting requirements.

6. Cash and cash equivalents

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

	<u>2025</u>	<u>2024</u>
Policyholders		
Cash in hand	847,666	2,105,124
Investment deposits (Islamic Banks)* (1)	50,000,000	50,000,000
Call accounts (Islamic banks) (2)	38,469,302	46,077,554
Current accounts (3)	1,925,292	360,224
Total	<u>91,242,260</u>	<u>98,542,902</u>
Shareholders		
Cash in hand	4,000	4,000
Investment deposits (Islamic Banks)* (1)	110,100,000	155,100,000
Call accounts (Islamic banks) (2)	3,415,579	12,252,535
Current accounts (3)	37,403,278	28,989,038
Total	<u>150,922,857</u>	<u>196,345,573</u>
Cash and cash equivalents in the consolidated statement of financial position	<u>242,165,117</u>	<u>294,888,475</u>
Less: deposits with original maturity more than three months	<u>(160,100,000)</u>	<u>(205,100,000)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>82,065,117</u>	<u>89,788,475</u>

(1) Investment deposits earn profit at rates ranging from 3.95% to 6.10% (31 December 2024: 4.45% to 6.15%).

(2) Call accounts earn profit at rates ranging from 0.25% to 0.75% (31 December 2024: 0.25% to 0.75%).

(3) Included in current accounts non-Islamic bank accounts used for the policyholders' contributions paid by credit cards.

* Investment deposits include deposit kept in Islamic Banks which is due to be matured in December 2025.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Qatar Central Bank. Accordingly, the management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

7. Investments securities

	31 December 2025		31 December 2024	
	Policyholders	Shareholders	Policyholders	Shareholders
Investments at amortized cost (i)				
Quoted debt investments				
State of Qatar Sukuk	-	30,003,462	-	31,615,829
Foreign Sukuk	-	110,855,213	-	41,053,535
Less: allowance for impairment (Stage 1)	-	(160,891)	-	(160,891)
Total investments at amortized cost (1)	-	140,697,784	-	72,508,473
Investments at fair value through other comprehensive income				
Quoted equity investments (ii)				
Local equity shares	14,927,473	55,331,181	16,228,424	75,421,573
Foreign equity shares	572,527	1,145,055	483,355	966,712
Other equity investment	-	46,606,475	-	37,374,300
Total (a)	15,500,000	103,082,711	16,711,779	113,762,585
Unquoted equity investments (iii)				
Local equity shares	-	19,654,276	-	18,409,276
Foreign equity shares	-	-	-	-
Total (b)	-	19,654,276	-	18,409,276
Total investments at fair value through other comprehensive income (a+b) (2)	15,500,000	122,736,987	16,711,779	132,171,861
Investments at fair value through income statement				
Investments (iv) (3)	1,118,086	24,821,756	-	3,650,000
Total investment securities (1+2+3)	16,618,086	288,256,527	16,711,779	208,330,334

(iii) The fair value of investments carried at amortized cost as at 31 December 2025 amounted to QR 144,482,184 (2024: QR 72,656,971).

(iv) The quoted investments constitute mainly securities listed in Qatar Stock Exchange.

(v) The unquoted investments represent investments in companies in which the Group is a founding shareholder.

(vi) Investments at fair value through income statement represents investment funds managed by Q-Invest SQN income fund has stated interest rate of 7% per annum (2024 :7% per annum) and is due to be mature in June 2026.

7. Financial investments (continued)

The movement in investments at amortized cost is as follows:

	31 December 2025		31 December 2024	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at 1 January	-	72,508,473	-	35,280,352
Amortised income	-	256,297	-	468,818
Additions during the year	-	67,933,014	-	36,920,194
Allowance for impairment	-	-	-	(160,891)
Balance at 31 December	-	140,697,784	-	72,508,473

The management of the Group estimates the loss allowance on investments at amortized cost with at the end of the reporting period at an amount equal to 12-month ECL. None of the investments at amortized at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the issuers, the management of the Group has determined no additional allowance for impairment on these investments, considering the aforementioned factors.

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

	31 December 2025		31 December 2024	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at 1 January	16,711,779	132,171,861	16,059,689	115,979,303
Additions during the year	-	55,087,687	-	39,126,367
Disposals during the year	-	(59,836,206)	-	(20,938,277)
Impairment	(851,394)	(1,992,014)	(135,289)	(2,921,959)
Changes in fair value	(360,385)	(2,694,341)	787,379	926,427
Balance at 31 December	15,500,000	122,736,987	16,711,779	132,171,861

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

	31 December 2025		31 December 2024	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at 1 January	-	3,650,000	-	7,300,000
Additions during the year	1,118,086	22,996,756	-	2,068,642
Disposals / redemptions during the year	-	(1,825,000)	-	(5,718,642)
Balance at 31 December	1,118,086	24,821,756	-	3,650,000

Note 1:

Investments at amortized cost, investments at fair value through other comprehensive income and investments at fair value through income statement are presented in the consolidated statement of financial position as follows:

	31 December 2025		31 December 2024	
	Policyholders	Shareholders	Policyholders	Shareholders
Investments securities	16,618,086	288,256,527	16,711,779	208,330,334

Al Khaleej Takaful Insurance Company Q.P.S.C.

**Notes to the consolidated financial statements
As at and for the year ended 31 December 2025**

In Qatari Riyals

8. Takaful and retakaful arrangement (continued)

	2025	2024
		(Audited) (Restated)
Policyholders		
Takaful arrangement liabilities		
Arrangements measured under CAA (i)	192,575,938	177,230,431
Arrangements measured under GA (ii)	221,332	305,924
Takaful arrangement liabilities (a)	192,797,270	177,536,355
Re-takaful arrangement assets		
Arrangements measured under CAA (iii)	105,059,479	104,711,391
Arrangements measured under GA (iv)	205,811	284,066
Re-takaful arrangement assets (b)	105,265,290	104,995,457

8. Takaful and retakaful arrangement (continued)

a) Takaful arrangement liabilities

(i) Arrangements measured under CAA

Analysis by remaining entitlement period and incurred claims for the year ended on 31 December 2025

	Provision for the remaining entitlement period		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
Takaful arrangement liabilities as at 1 January 2025 (Restated)	(21,198,457)	(4,435,341)	(145,118,712)	(6,477,921)	(177,230,431)
Takaful arrangement assets as at 1 January 2025	-	-	-	-	-
Net takaful arrangement liabilities as at 1 January 2025 (Restated)	(21,198,457)	(4,435,341)	(145,118,712)	(6,477,921)	(177,230,431)
Takaful revenue	523,994,959	-	-	-	523,994,959
Takaful service expenses	(123,957,055)	2,085,980	(169,486,657)	2,467,552	(288,890,180)
Incurred claims and other expenses	-	-	(176,853,658)	(4,882,305)	(181,735,963)
Amortisation of takaful acquisition cash flows	(123,957,055)	-	-	-	(123,957,055)
Losses on onerous arrangements and reversals of those losses	-	2,085,980	-	-	2,085,980
Changes to liabilities for incurred claims	-	-	7,367,001	7,349,857	14,716,858
Takaful service result	400,037,904	2,085,980	(169,486,657)	2,467,552	235,104,779
Takaful finance expenses	-	-	(4,993,712)	-	(4,993,712)
Total changes in the statement of policyholders' revenues and expenses	400,037,904	2,085,980	(174,480,369)	2,467,552	230,111,067
Cash flows:					
Contributions received	(558,875,786)	-	-	-	(558,875,786)
Claims and other expenses paid	-	-	184,658,670	-	184,658,670
Takaful acquisition cash flows	128,760,542	-	-	-	128,760,542
Total cash flows	(430,115,244)	-	184,658,670	-	(245,456,574)
Net takaful arrangement liabilities as at 31 December 2025	(51,275,797)	(2,349,361)	(134,940,411)	(4,010,369)	(192,575,938)
Takaful arrangement liabilities as at 31 December 2025	(51,275,797)	(2,349,361)	(134,940,411)	(4,010,369)	(192,575,938)
Takaful arrangement assets as at 31 December 2025	-	-	-	-	-
Net takaful arrangement liabilities as at 31 December 2025	(51,275,797)	(2,349,361)	(134,940,411)	(4,010,369)	(192,575,938)

8. Takaful and retakaful arrangement (continued)

a) Takaful arrangement liabilities (continued)

(i) Arrangements measured under CAA (continued)

Analysis by remaining entitlement period and incurred claims for the year ended on 31 December 2024

	Provision for the remaining entitlement period		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of		
			present value of future cashflows	Risk Adjustment	
Takaful arrangement liabilities as at 1 January 2024 (Restated)	2,435,032	(4,326,538)	(166,920,203)	(7,364,318)	(176,176,027)
Takaful arrangement assets as at 1 January 2024	-	-	-	-	-
Net takaful arrangement liabilities as at 1 January 2024 (Restated)	2,435,032	(4,326,538)	(166,920,203)	(7,364,318)	(176,176,027)
Takaful revenue	437,645,924	-	-	-	437,645,924
Takaful service expenses	(108,484,244)	(108,802)	(139,193,587)	886,397	(246,901,277)
Incurred claims and other expenses	-	-	(154,339,796)	(5,320,689)	(159,660,485)
Amortisation of takaful acquisition cash flows	(108,484,244)	-	-	-	(108,484,244)
Losses on onerous arrangements and reversals of those losses	-	(108,803)	-	-	(108,803)
Changes to liabilities for incurred claims	-	-	15,145,169	6,207,086	21,352,255
Takaful service result	329,161,680	(108,803)	(139,194,627)	886,397	190,744,647
Takaful finance expenses	-	-	(4,245,028)	-	(4,245,028)
Total changes in the statement of policyholders' revenues and expenses	329,161,680	(108,803)	(143,439,655)	886,397	186,499,619
Cash flows:					
Contributions received	(462,692,635)	-	-	-	(462,692,635)
Claims and other expenses paid	-	-	165,241,146	-	165,241,146
Takaful acquisition cash flows	109,897,466	-	-	-	109,897,466
Total cash flows	(352,795,169)	-	165,241,146	-	(187,554,023)
Net takaful arrangement liabilities as at 31 December 2024	(21,198,457)	(4,435,341)	(145,118,712)	(6,477,921)	(177,230,431)
Takaful arrangement liabilities as at 31 December 2024	(21,198,457)	(4,435,341)	(145,118,712)	(6,477,921)	(177,230,431)
Takaful arrangement assets as at 31 December 2024	-	-	-	-	-
Net takaful arrangement liabilities as at 31 December 2024	(21,198,457)	(4,435,341)	(145,118,712)	(6,477,921)	(177,230,431)

8. Takaful and retakaful arrangement (continued)

a) Takaful arrangement liabilities

(ii) Arrangements measured under GA

Analysis by remaining entitlement period and incurred claims for the year ended on 31 December 2025

	Provision for the remaining entitlement period		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cashflows	Risk Adjustment	
Takaful arrangement liabilities as at 1 January 2025 (Restated)	(305,924)	-	-	-	(305,924)
Takaful arrangement assets as at 1 January 2025	-	-	-	-	-
Net takaful arrangement liabilities as at 1 January 2025 (Restated)	(305,924)	-	-	-	(305,924)
Takaful revenue	100,694	-	-	-	100,694
Takaful service expenses	-	-	-	-	-
Takaful service result	100,694	-	-	-	100,694
Takaful finance expenses	(16,102)	-	-	-	(16,102)
Total changes in the statement of policyholders' revenues and expenses	84,592	-	-	-	84,592
Net takaful arrangement liabilities as at 31 December 2025	(221,332)	-	-	-	(221,332)
Takaful arrangement liabilities as at 31 December 2025	(221,332)	-	-	-	(221,332)
Takaful arrangement assets as at 31 December 2025	-	-	-	-	-
Net takaful arrangement liabilities as at 31 December 2025	(221,332)	-	-	-	(221,332)

8. Takaful and retakaful arrangement (continued)

a) Takaful arrangement liabilities (continued)

(ii) Arrangements measured under GA (continued)

Analysis by remaining entitlement period and incurred claims for the year ended on 31 December 2024

	Provision for the remaining entitlement period		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of		
			present value of future cashflows	Risk Adjustment	
Takaful arrangement liabilities as at 1 January 2024 (Restated)	(412,734)	-	-	-	(412,734)
Takaful arrangement assets as at 1 January 2024	-	-	-	-	-
Net takaful arrangement liabilities as at 1 January 2024 (Restated)	(412,734)	-	-	-	(412,734)
Takaful revenue	122,064	-	-	-	122,064
Takaful service expenses	-	-	-	-	-
Takaful service result	122,064	-	-	-	122,064
Takaful finance expenses	(15,254)	-	-	-	(15,254)
Total changes in the statement of policyholders' revenues and expenses	106,810	-	-	-	106,810
Net takaful arrangement liabilities as at 31 December 2024	(305,924)	-	-	-	(305,924)
Takaful arrangement liabilities as at 31 December 2024	(305,924)	-	-	-	(305,924)
Takaful arrangement assets as at 31 December 2024	-	-	-	-	-
Net takaful arrangement liabilities as at 31 December 2024	(305,924)	-	-	-	(305,924)

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

b) Retakaful arrangement assets

(iii) Arrangements measured under CAA

Analysis by remaining entitlement period and incurred claims for the year ended on 31 December 2025

	Assets for remaining entitlement period		Amounts recoverable on incurred claims		Total
	Excluding loss - recovery component	Loss - recovery component	Estimates of present value of future cashflows	Risk Adjustment	
Retakaful arrangement assets as at 1 January 2025 (Restated)	(172,978)	-	100,272,003	4,612,366	104,711,391
Retakaful arrangement liabilities as at 1 January 2025	-	-	-	-	-
Net retakaful arrangement assets as at 1 January 2025 (Restated)	(172,978)	-	100,272,003	4,612,366	104,711,391
An allocation of retakaful contribution	(282,335,763)	-	-	-	(282,335,763)
Amounts recoverable from reinsurers for incurred claims	-	-	26,120,805	(2,377,360)	23,743,445
Amounts recoverable for incurred claims and other expenses	-	-	40,310,042	1,146,493	41,456,535
Changes to amounts recoverable for incurred claims	-	-	(14,189,237)	(3,523,853)	(17,713,090)
Net income or expense from retakaful arrangements held	(282,335,763)	-	26,120,805	(2,377,360)	(258,592,318)
Retakaful finance income	-	-	3,622,030	-	3,622,030
Total changes in the statement of policyholders' revenues and Cash flows:	(282,335,763)	-	29,742,835	(2,377,360)	(254,970,288)
Contributions paid net of re-takaful commission received	308,769,571	-	-	-	308,769,571
Recoveries from reinsurers	-	-	(53,451,195)	-	(53,451,195)
Total cash flows	308,769,571	-	(53,451,195)	-	255,318,376
Net retakaful arrangement assets as at 31 December 2025	26,260,830	-	76,563,643	2,235,006	105,059,479
Retakaful arrangement assets as at 31 December 2025	26,260,830	-	76,563,643	2,235,006	105,059,479
Retakaful arrangement liabilities as at 31 December 2025	-	-	-	-	-
Net retakaful arrangement assets as at 31 December 2025	26,260,830	-	76,563,643	2,235,006	105,059,479

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

b) Retakaful arrangement assets (continued)

(iii) Arrangements measured under CAA (continued)

Analysis by remaining entitlement period and incurred claims for the year ended on 31 December 2024

	Assets for remaining entitlement period		Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Loss - recovery component	Estimates of present value of future cashflows	Risk Adjustment	
Retakaful arrangement assets as at 1 January 2024 (Restated)	26,500,076	-	113,850,308	5,330,794	145,681,178
Retakaful arrangement liabilities as at 1 January 2024	-	-	-	-	-
Net retakaful arrangement assets as at 1 January 2024 (Restated)	26,500,076	-	113,850,308	5,330,794	145,681,178
An allocation of retakaful contributions	(213,687,320)	-	-	-	(213,687,320)
Amounts recoverable from reinsurers for incurred claims	-	-	28,687,055	(718,428)	27,968,627
Amounts recoverable for incurred claims and other expenses	-	-	41,544,510	1,459,524	43,004,034
Changes to amounts recoverable for incurred claims	-	-	(12,857,455)	(2,177,952)	(15,035,407)
Net income or expense from retakaful arrangements held	(213,687,320)	-	28,687,055	(718,428)	(185,718,693)
Retakaful finance income	-	-	3,450,919	-	3,450,919
Total changes in the statement of policyholders' revenues and expenses	(213,687,320)	-	32,137,974	(718,428)	(182,267,774)
Cash flows:					
Contributions paid net of re-takaful commission received	187,014,266	-	-	-	187,014,266
Recoveries from reinsurers	-	-	(45,716,279)	-	(45,716,279)
Total cash flows	187,014,266	-	(45,716,279)	-	141,297,987
Net retakaful arrangement assets as at 31 December 2024 (Restated)	(172,978)	-	100,272,003	4,612,366	104,711,391
Retakaful arrangement assets as at 31 December 2024 (Restated)	(172,978)	-	100,272,003	4,612,366	104,711,391
Retakaful arrangement liabilities as at 31 December 2024	-	-	-	-	-
Net retakaful arrangement assets as at 31 December 2024 (Restated)	(172,978)	-	100,272,003	4,612,366	104,711,391

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

b) Retakaful arrangement assets

(iv) Arrangements measured under GA

Analysis by remaining entitlement period and incurred claims for the year ended on 31 December 2025

	Assets for remaining entitlement period		Amounts recoverable on incurred claims		Total
	Excluding loss - recovery component	Loss - recovery component	Estimates of present value of future cashflows	Risk Adjustment	
Retakaful arrangement assets as at 1 January 2025 (Restated)	284,066	-	-	-	284,066
Retakaful arrangement liabilities as at 1 January 2025	-	-	-	-	-
Net retakaful arrangement assets as at 1 January 2025 (Restated)	284,066	-	-	-	284,066
An allocation of retakaful contribution	(94,601)	-	-	-	(94,601)
Amounts recoverable from reinsurers for incurred claims	-	-	-	-	-
Amounts recoverable for incurred claims and other expenses	-	-	64	-	64
Changes to amounts recoverable for incurred claims	-	-	(64)	-	(64)
Net income or expense from retakaful arrangements held	(94,601)	-	-	-	(94,601)
Retakaful finance income	16,346	-	-	-	16,346
Total changes in the statement of policyholders' revenues and	(78,255)	-	-	-	(78,255)
Net retakaful arrangement assets as at 31 December 2025	205,811	-	-	-	205,811
Retakaful arrangement assets as at 31 December 2025	205,811	-	-	-	205,811
Retakaful arrangement liabilities as at 31 December 2025	-	-	-	-	-
Net retakaful arrangement assets as at 31 December 2025	205,811	-	-	-	205,811

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

b) Retakaful arrangement assets (continued)

(iv) Arrangements measured under GA (continued)

Analysis by remaining entitlement period and incurred claims for the year ended on 31 December 2024

	Assets for remaining entitlement period		Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Loss - recovery component	Estimates of present value of future cashflows	Risk Adjustment	
Retakaful arrangement assets as at 1 January 2024 (Restated)	371,460	-	-	-	371,460
Retakaful arrangement liabilities as at 1 January 2024	-	-	-	-	-
Net retakaful arrangement assets as at 1 January 2024 (Restated)	371,460	-	-	-	371,460
An allocation of retakaful contributions	(101,123)	-	-	-	(101,123)
Amounts recoverable from reinsurers for incurred claims	-	-	-	-	-
Amounts recoverable for incurred claims and other expenses	-	-	64	-	64
Changes to amounts recoverable for incurred claims	-	-	(64)	-	(64)
Net income or expense from retakaful arrangements held	(101,123)	-	-	-	(101,123)
Retakaful finance income	13,729	-	-	-	13,729
Total changes in the statement of policyholders' revenues and expenses	(87,394)	-	-	-	(87,394)
Net retakaful arrangement assets as at 31 December 2024 (Restated)	284,066	-	-	-	284,066
Retakaful arrangement assets as at 31 December 2024 (Restated)	284,066	-	-	-	284,066
Retakaful arrangement liabilities as at 31 December 2024	-	-	-	-	-
Net retakaful arrangement assets as at 31 December 2024 (Restated)	284,066	-	-	-	284,066

9. Other receivables and Prepayments

	2025		2024	
	Policyholders	Shareholders	Policyholders	Shareholders
Refundable deposits	1,481,453	129,400	2,195,273	288,119
Employee advances	650,153	-	246,852	-
Advances and prepayments	-	1,108,830	48,720	974,220
Accrued revenue	212,794	2,309,473	898,884	1,971,297
Cases receivable	1,565,538	130,852	1,798,492	1,523,480
Others (1)	358,843	633,886	943,276	81,540,014
	4,268,781	4,312,441	6,131,497	86,297,130
Less: Allowance for impairment	-	(105,222)	(493,833)	(79,151,762)
Balance at 31 December	4,268,781	4,207,219	5,637,664	7,145,368

(1) Included in the shareholders other receivables is an amount of QR Nil at 31 December 2025 (31 December 2024: QR 76 million) which is receivable from the former chief executive officer of the Group. The Group has written off the provision against the receivable of QR 76 million in 2025.

The movement on the allowance for impairment of other receivables as follows:

	2025	2024
Balance at 1 January	79,645,595	79,645,595
Written off during the year	(81,095,724)	-
Charge for the year	1,555,351	-
Balance at 31 December	105,222	79,645,595

10. Right of use Assets

a) Shareholders	2025	2024
Cost:		
Balance at 1 January	30,537,188	30,537,188
Impairment on right-of-use assets	-	-
Balance at 31 December	30,537,188	30,537,188
Accumulated Depreciation:		
Balance at 1 January	3,479,058	2,609,286
Depreciation	869,772	869,772
Balance at 31 December	4,348,830	3,479,058
Carrying amount		
Balance at 31 December	26,188,358	27,058,130

11. Investment properties

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

a) Policyholders	<u>2025</u>	<u>2024</u>
Balance at 1 January	28,061,100	28,739,797
Changes in fair value	<u>(77,500)</u>	<u>(678,697)</u>
Balance at 31 December	<u>27,983,600</u>	<u>28,061,100</u>

b) Shareholders	<u>2025</u>	<u>2024</u>
Balance at 1 January	202,585,391	205,859,103
Additions during the year	4,128,049	1,688,499
Disposal during the year	-	-
Changes in fair value	<u>(5,004,446)</u>	<u>(4,962,211)</u>
Balance at 31 December	<u>201,708,994</u>	<u>202,585,391</u>

Investment properties consist of:	<u>2025</u>	<u>2024</u>
a) Policyholders		
Land	13,723,600	13,723,600
Building	<u>14,260,000</u>	<u>14,337,500</u>
Total investment properties	<u>27,983,600</u>	<u>28,061,100</u>

b) Shareholders		
Land	130,872,049	130,872,049
Building	<u>70,836,946</u>	<u>71,713,342</u>
Total investment properties	<u>201,708,995</u>	<u>202,585,391</u>

As at 31 December 2025, the fair value of the Group's investment properties has been arrived on the basis of a valuation carried out by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value was determined based on a combination of a depreciated replacement cost approach and a market approach that reflects recent transaction prices for similar properties. The fair value represents the amount at which the assets could be exchanged between knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. As at 31 December 2025, the fair value at the date of valuation amounted to QR 229.69 million (2024: QR 230.65 million) for investment properties for shareholders and policyholders.

11. Investment properties (continued)

- (i) The Group has no restriction on the realizability of its investment properties and has no contractual liabilities either to purchase, construct or develop investment properties.
- (ii) The valuer has used combination of a depreciated replacement cost approach and a market approach model for the investment properties which is most commonly used approach in the State of Qatar.

Movement of the real estate reserve as follows:

	31 December 2025		31 December 2024	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at 1 January	-	26,352,439	-	28,236,722
Net fair value changes during the year	-	(3,979,584)	-	(1,884,283)
Balance at 31 December	-	22,372,855	-	26,352,439

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

Type of property	Valuation technique	Significant unobservable inputs	Range weighted average
Commercial, residential, and industrial properties	Depreciated replacement cost (DRC) approach	Construction cost (sq. ft.)	QR 46 – 260
Vacant Land and residential properties	Market approach		QR 380 - 1,470

- **Depreciated replacement cost approach**

Depreciated replacement cost approach is a valuation method which appraisers and real estate investors use to estimate the value of an existing property by calculating the cost to replace the property with a new one of similar size, quality, and location, taking into account the depreciation of the existing property. The unit of comparison applied by the Group is the price per square foot (sq ft).

- **Market approach**

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

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

Sensitivity analysis

As at 31 December 2025, if the price per square foot for investment properties had been higher/lower by 1% with all other variables held constant, the change in the fair value of investment properties would have been QR 2.29 million (2024: QR 2.30 million) higher/lower.

12. Property and equipment

a) Shareholders	Computer and equipment	Furniture and fixtures	Motor vehicle	Capital Work in Progress	Total
Cost:					
Balance at 1 January 2024	11,042,701	11,195,985	601,000	-	22,839,686
Additions during the year	627,884	92,858	-	-	720,742
Disposals during the year	-	-	(33,000)	-	(33,000)
Balance at 31 December 2024	11,670,585	11,288,843	568,000	-	23,527,428
Additions during the year	432,755	22,030	-	1,081,908	1,536,693
Disposals during the year	(159,391)	-	-	-	(159,391)
Balance at 31 December 2025	11,943,949	11,310,873	568,000	1,081,908	24,904,730
Accumulated Depreciation:					
Balance at 1 January 2024	7,656,155	10,206,357	106,699	-	17,969,211
Depreciation for the year	967,240	521,313	115,641	-	1,604,194
Disposals during the year	-	-	(33,000)	-	(33,000)
Balance at 31 December 2024	8,623,395	10,727,670	189,340	-	19,540,405
Depreciation for the year	1,425,002	466,159	113,603	-	2,004,764
Disposals during the year	(159,391)	-	-	-	(159,391)
Balance at 31 December 2025	9,889,006	11,193,829	302,943	-	21,385,778
Carrying amounts					
Balance at 31 December 2024	3,047,190	561,173	378,660	-	3,987,023
Balance at 31 December 2025	2,054,943	117,044	265,057	1,081,908	3,518,952

13. Investment in Associate

The Group has two investments in associates, Qatar Unified Bureau Insurance W.L.L. and Bahrain National Life Assurance Company B.S.C. Qatar Unified Bureau Insurance W.L.L. incorporated in Qatar, in which the Group has 25% of the interest. It is principally engaged in takaful insurance business. Qatari Unified Bureau Insurance W.L.L. is not publicly listed. Bahrain National Life Assurance Company B.S.C. is incorporated in Bahrain, in which the Group has 25% of the interest. It is principally engaged in insurance business. During the current year, management has sold the 25% equity interest in Bahrain National Life Assurance Company B.S.C. for BHD 3,000,000 which is equivalent to QAR 29,042,553.

Name of Associate	Principal Activity	Country of incorporation	2025	2024
Qatari Unified Bureau Insurance W.L.L.	Takaful Insurance	Qatar	25%	25%
Bahrain National Life Assurance Company B.S.C.	Insurance	Kingdom of Bahrain	-	25%

Movements in investment in the associate are as follows:

	2025	2024
Balance at 1 January	25,385,269	57,624,756
Share of profit for the year	14,228,571	17,565,907
Dividends received during the period / year	(13,000,000)	(10,014,422)
Disposal of the Bahrain National Life Assurance Company B.S.C.	-	(38,207,354)
Movement in fair value reserve	(65,135)	(1,583,618)
Balance at 31 December	26,548,705	25,385,269

13. Investment in associate (continued)

The following table summarizes the financial information of the Associate as included in the financial statements of the Group.

	<u>2025</u>	<u>2024</u>
Total assets	100,895,180	98,218,234
Total liabilities	<u>(18,321,914)</u>	<u>(18,407,244)</u>
Net assets (100%)	82,573,266	79,810,990
The Group's Share of net assets (25%)	20,643,317	19,952,748
Revenue	71,582,788	237,248,310
The Group's Share of profit (25%)	14,228,571	17,565,907

The share of profit from the associates are given below.

	<u>2025</u>	<u>2024</u>
Qatar Unified Bureau Insurance W.L.L.	14,228,571	14,671,587
Bahrain National Life Assurance Company B.S.C.	-	2,894,320
Balance at 31 December	<u>14,228,571</u>	<u>17,565,907</u>

14. Accounts payable and other liabilities

	<u>2025</u>		<u>2024</u>	
	<u>Policyholders</u>	<u>Shareholders</u>	<u>Policyholders</u>	<u>Shareholders</u>
Accruals and provisions	19,198,085	4,133,868	14,056,558	2,415,249
Contribution received in advance	1,691,250	-	1,067,748	-
Dividends payable	-	13,706,212	-	13,852,544
Provision for staff bonus	-	3,955,447	-	4,096,447
Provision for staff leave	-	3,693,927	-	2,355,782
Provision for social and sports activities contribution (Note 25)	-	1,778,202	-	1,892,500
Board of Directors remuneration (Note 23)	-	3,054,967	-	3,284,967
Deferred rental income	-	36,963	-	376,095
Others	1,182,892	3,014,062	1,162,415	2,066,520
Balance at 31 December	<u>22,072,227</u>	<u>33,373,648</u>	<u>16,286,721</u>	<u>30,340,104</u>

15. Employees' end of service benefits

	<u>2025</u>	<u>2024</u>
Balance at 1 January	7,599,117	6,669,094
Charge for the year	1,232,140	976,937
Paid during the year	<u>(96,953)</u>	<u>(46,914)</u>
Balance at 31 December	<u>8,734,304</u>	<u>7,599,117</u>

Al Khaleej Takaful Insurance Company Q.P.S.C.

**Notes to the consolidated financial statements
As at and for the year ended 31 December 2025**

In Qatari Riyals

16. Share Capital

	<u>2025</u>	<u>2024</u>
<i>Authorized, issued and paid-up capital</i>		
Share capital of QR 1 each (QR)	<u>255,279,020</u>	<u>255,279,020</u>
No. of shares of QR 1 each (Nos.)	<u>255,279,020</u>	<u>255,279,020</u>

17. Legal Reserve

Legal reserve is computed in accordance with the provisions of the Qatar Central Bank (QCB) regulations, Qatar Commercial Companies' Law and the company's Articles of Association at 10% of the net profit for the year. This reserve is to be maintained until it equates 100% of the paid-up capital and is not available for distribution except in circumstances specified in the Qatar Central Bank (QCB) regulations and Qatar Commercial Companies Law. During the year the Group has not transferred any amount to the statutory reserve as it already equated 100% of the paid-up capital (2024: QR Nil).

18. General Reserve

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

19. Fair Value Reserve

Fair value reserves comprise of cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income.

Change in fair value reserve from investments at fair value through other comprehensive income:

	<u>2025</u>		<u>2024</u>	
	<u>Policyholders</u>	<u>Shareholders</u>	<u>Policyholders</u>	<u>Shareholders</u>
Quoted investments				
At 1 January	7,279,175	1,469,830	6,491,796	543,403
<i>Net movement during the year</i>			-	-
Disposal of investments	-	(1,148,748)	-	(7,264)
Fair value change during the year	(360,385)	(1,545,593)	787,379	933,691
At 31 December (1)	<u>6,918,790</u>	<u>(1,224,511)</u>	<u>7,279,175</u>	<u>1,469,830</u>
Unquoted investments				
At 1 January	-	-	-	-
Net movement	-	-	-	-
At 31 December (2)	-	-	-	-
Investment in Associates				
At 1 January	-	52,217	-	1,635,835
Movement in fair value reserve of associate	-	(65,135)	-	(1,583,618)
At 31 December (3)	-	<u>(12,918)</u>	-	<u>52,217</u>
At 31 December (1+2+3)	<u>6,918,790</u>	<u>(1,237,429)</u>	<u>7,279,175</u>	<u>1,522,047</u>

20. Ijarah liabilities

The movements of ijarah liabilities were as follows:

	2025	2024
Balance at 1 January	4,073,199	4,136,276
Payment	(35,950)	(224,657)
Amortization of deferred ijarah	159,551	161,580
	4,196,800	4,073,199

On 1 January 2021 the Group entered into a ijarah contract with the Ministry of Municipality & Environment Doha Municipality obtaining exclusive rights to use of the lands for QR 150, QR 12,500 and QR 5,033 per month. The ijarah bears an implicit discount rate of 4% per annum and is effectively secured as the rights to the ijarah asset revert to the lessor in the event of default. As per the accounting policy of the Group, the group is amortizing the ROA for these plots of land on 40 years.

21. General and administration expenses

	2025	2024
Staff costs	34,772,261	31,300,736
Governmental expenses	581,659	650,765
Repair and maintenance	1,997,529	992,231
Investment properties operating expenses	1,692,565	1,744,879
Marketing and advertising	3,178,849	3,262,286
Professional fees	4,060,096	2,377,999
Electricity and telephone	1,516,317	1,221,101
Refreshment and stationery	1,105,354	1,033,494
Sharia supervisory board fee	200,000	200,000
Bank charges	872,306	698,133
Miscellaneous	540,131	638,360
	50,517,067	44,119,984

22. Income tax expenses

Based on the New Executive Regulations to the Income Tax Law (No.24 of 2018), subsidiaries and companies owned by listed entities shall now be taxable to the extent of non-Qatari shareholding in the listed company.

Therefore, since the Group has investment in subsidiaries and other companies and are therefore taxable during the current year. Tax is charged at a rate of 10% of the taxable income to the extent of non-Qatari shareholding.

23. Board of Directors' remuneration

In accordance with the Articles of Association of the Company and the provisions of Qatar commercial companies law No.11 of 2015, the Board of Directors' remuneration for the year 2025 has been proposed at QR 2,970,000 (2024: QR 3,200,000). The provision is subject to approval by the forthcoming shareholders general assembly.

24. Sharia supervisory board

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

25. Social and sports contribution fund

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2010, which is applicable to all Qatari listed shareholding companies with publicly traded equity, the Group has made an appropriation of 2.5% of its net profit to social and sports fund amounting to QR 1,778,202 (2024: 1,892,500).

26. Reserve for share of profits of associates

As per the Qatar Central Bank's instructions dated 4 March 2019, share of profits of associates should be transferred from the retained earnings to reserve for share of profits of associates. Declared and received dividends from associates are distributable portion of this reserve. During the year, the Group has transferred an amount of QR 1,228,571 to this reserve (2024: (9,201,862)).

27. Related parties

a) Transactions with related parties

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

Nature of transactions	2025	2024
Contribution	856,354	2,744,568
Claims	2,458,366	742,027

b) Receivable from related parties:

Nature of Relationship	2025	2024
Board members	109,459	1,736,686

*Takaful receivables from related parties are added to takaful arrangement assets and liabilities (Note 8).

c) Payable to related parties:

Nature of Relationship	2025	2024
Board members	8,555	8,618

**Claims payable to related parties are added to the re-takaful arrangement assets and liabilities (Note 8).

d) Compensation of key management personnel:

	2025	2024
Board of directors' remuneration (Note 23)	2,970,000	3,200,000
Salaries and other short-term benefits	4,616,619	4,382,688
Employees' end of service benefit	186,694	54,282
	7,773,313	7,636,970

28. Segment Information

For management purposes, the Group is organized into business units based on its business activities and has four reportable segments: takaful, investment, real estate and unallocated. Takaful segment represents the results of takaful and Retakaful business. Further, takaful segment is organized into four major takaful lines – Marine & Aviation, General Accident (Fire, General Accident, Energy & Engineering), Motor and Takaful & Medical. These segments are the basis on which the Group reports its primary segment information. Other operations of the Group comprise investment and treasury for the Group's own account. There are no transactions between segments. The operating and administrative expenses and certain other expenses are not allocated to the takaful lines for performance monitoring purpose. The data with respect to segment information are as follows.

28. Segment Information (continued)

a) Segment consolidated policyholders' revenues and expenses and shareholders' income statement

	2025				
	Underwriting	Investments	Real Estate	Unallocated	Total
Recognised takaful contributions	524,095,653	-	-	-	524,095,653
Recognised takaful costs	(288,889,940)	-	-	-	(288,889,940)
Re-takaful net results	(258,686,919)	-	-	-	(258,686,919)
Takaful gross margin	(23,481,206)	-	-	-	(23,481,206)
Amortisation of deferred cost (related to provision of takaful arrangements)	(5,009,814)	-	-	-	(5,009,814)
Amortisation of deferred income (related to re-takaful arrangements held)	3,638,376	-	-	-	3,638,376
Net amortisation of deferred cost	(1,371,438)	-	-	-	(1,371,438)
Net takaful result	(24,852,644)	-	-	-	(24,852,644)
Wakala fee – earned	83,536,982	-	-	-	83,536,982
Dividend Income	-	5,244,931	-	-	5,244,931
Net realized gain on sale of investments	-	1,945,488	-	-	1,945,488
Rental income	-	-	12,941,088	-	12,941,088
Income from deposits and sukuks	-	14,580,658	-	-	14,580,658
Share of profit from associates	-	14,228,571	-	-	14,228,571
Gain on sale of property and equipment	-	-	-	5,500	5,500
Net provision for impairment	-	(2,843,408)	-	(1,555,351)	(4,398,759)
Fair value loss on investment properties	-	-	(1,102,362)	-	(1,102,362)
Other income	-	-	-	1,621,879	1,621,879
Total income	83,536,982	33,156,240	11,838,726	72,028	128,603,976
Depreciation	-	-	(869,772)	(2,004,764)	(2,874,536)
General and administrative expenses	-	-	-	(50,517,067)	(50,517,067)
Amortization of deferred ijarah	-	-	(159,551)	-	(159,551)
Other expenses	-	-	-	(5,252,555)	(5,252,555)
Board of directors' remuneration	-	-	-	(2,970,000)	(2,970,000)
Total other expenses	-	-	(1,029,323)	(60,744,386)	(61,773,709)
Profit / (loss) before tax	58,684,338	33,156,240	10,809,403	(60,672,358)	41,977,623
Income tax	-	-	-	(106,468)	(106,468)
Profit / (loss) after tax	58,684,338	33,156,240	10,809,403	(60,778,826)	41,871,155

28. Segment Information (continued)

a) Segment consolidated policyholders' revenues and expenses and shareholders' income statement (continued)

	2024 (Restated)				
	Underwriting	Investments	Real Estate	Unallocated	Total
Recognised takaful contributions	437,767,988	-	-	-	437,767,988
Recognised takaful costs	(246,897,854)	-	-	-	(246,897,854)
Re-takaful net results	(185,819,816)	-	-	-	(185,819,816)
Takaful gross margin	<u>5,050,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,050,318</u>
Amortisation of deferred cost (related to provision of takaful arrangements)	(4,260,282)	-	-	-	(4,260,282)
Amortisation of deferred income (related to re-takaful arrangements held)	3,464,648	-	-	-	3,464,648
Net amortisation of deferred cost	<u>(795,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(795,634)</u>
Net takaful result	<u>4,254,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,254,684</u>
Wakala fee – earned	76,242,778	-	-	-	76,242,778
Dividend Income	-	6,081,818	-	-	6,081,818
Net realized gain on sale of investments	-	1,028,395	-	-	1,028,395
Rental income	-	-	12,913,960	-	12,913,960
Income from deposits and sukuks	-	13,436,574	-	-	13,436,574
Share of profit from associates	-	17,565,907	-	-	17,565,907
Gain on sale of property and equipment	-	-	-	15,000	15,000
Gain on sale of investment in associates	-	1,079,994	-	-	1,079,994
Net provision for impairment	-	(3,218,139)	-	9,941	(3,208,198)
Fair value loss on investment properties	-	-	(3,756,625)	-	(3,756,625)
Other income	-	-	-	3,779,135	3,779,135
Total income	<u>76,242,778</u>	<u>35,974,549</u>	<u>9,157,335</u>	<u>3,804,076</u>	<u>125,178,738</u>
Depreciation	-	-	(869,772)	(1,604,194)	(2,473,966)
General and administrative expenses	-	-	-	(44,119,984)	(44,119,984)
Amortization of deferred ijarah	-	-	(161,580)	-	(161,580)
Other expenses	-	-	-	(5,000,723)	(5,000,723)
Board of directors' remuneration	-	-	-	(3,200,000)	(3,200,000)
Total other expenses	<u>-</u>	<u>-</u>	<u>(1,031,352)</u>	<u>(53,924,901)</u>	<u>(54,956,253)</u>
Profit / (loss) before tax	80,497,462	35,974,549	8,125,983	(50,120,825)	74,477,169
Income tax	-	-	-	-	-
Profit / (loss) after tax	<u>80,497,462</u>	<u>35,974,549</u>	<u>8,125,983</u>	<u>(50,120,825)</u>	<u>74,477,169</u>

28. Segment Information (continued)

b) Segment assets and liabilities

	2025				Total
	Underwriting	Investments	Real Estate	Unallocated	
Policyholders' assets					
Cash and bank balances	41,242,260	-	-	-	41,242,260
Time deposits	50,000,000	-	-	-	50,000,000
Investment securities	-	16,618,086	-	-	16,618,086
Retakaful arrangement asset	105,265,290	-	-	-	105,265,290
Other receivables and prepayments	-	-	-	4,268,781	4,268,781
Investment properties	-	-	27,983,600	-	27,983,600
Total policyholders' assets	196,507,550	16,618,086	27,983,600	4,268,781	245,378,017
Shareholders' assets					
Cash and bank balances	-	-	-	40,822,857	40,822,857
Time deposits	-	110,100,000	-	-	110,100,000
Investment securities	-	288,256,527	-	-	288,256,527
Other receivables and prepayments	-	-	-	4,207,219	4,207,219
Right-of-use assets	-	-	26,188,358	-	26,188,358
Investment properties	-	-	201,708,994	-	201,708,994
Property and equipment	-	-	-	3,518,952	3,518,952
Investments in associate	-	26,548,705	-	-	26,548,705
Total shareholders' assets	-	424,905,232	227,897,352	48,549,028	701,351,612
Total assets	196,507,550	441,523,318	255,880,952	52,817,809	946,729,629

28. Segment Information (continued)

b) Segment assets and liabilities (continued)

	2025				Total
	Underwriting	Investments	Real Estate	Unallocated	
Policyholder's liabilities					
Takaful arrangement liabilities	192,797,270	-	-	-	192,797,270
Accounts payable and other liabilities	-	-	-	22,072,227	22,072,227
Total policyholders' liabilities	192,797,270	-	-	22,072,227	214,869,497
Shareholders' liabilities					
Takaful arrangement liabilities	1,060,509	-	-	-	1,060,509
Ijarah liabilities	-	-	4,196,800	-	4,196,800
Accounts payable and other liabilities	-	-	-	33,373,648	33,373,648
Deferred wakala income	32,706,309	-	-	-	32,706,309
Provision for income tax	-	-	-	2,173	2,173
Employees' end of service benefits	-	-	-	8,734,304	8,734,304
Total shareholders' liabilities	33,766,818	-	4,196,800	42,110,125	80,073,743
Total liabilities	226,564,088	-	4,196,800	64,182,352	294,943,240

28. Segment Information (continued)

b) Segment assets and liabilities (continued)

	2024 (Restated)				Total
	Underwriting	Investments	Real Estate	Unallocated	
Policyholders' assets					
Cash and bank balances	48,542,902	-	-	-	48,542,902
Time deposits	50,000,000	-	-	-	50,000,000
Investment securities	-	16,711,779	-	-	16,711,779
Retakaful arrangement asset	104,995,457	-	-	-	104,995,457
Other receivables and prepayments	-	-	-	5,637,664	5,637,664
Investment properties	-	-	28,061,100	-	28,061,100
Total policyholders' assets	203,538,359	16,711,779	28,061,100	5,637,664	253,948,902
Shareholders' assets					
Cash and bank balances	-	-	-	41,245,573	41,245,573
Time deposits	-	155,100,000	-	-	155,100,000
Investment securities	-	208,330,334	-	-	208,330,334
Retakaful arrangement asset	74,760	-	-	-	74,760
Other receivables and prepayments	-	-	-	7,145,368	7,145,368
Right-of-use assets	-	-	27,058,130	-	27,058,130
Investment properties	-	-	202,585,391	-	202,585,391
Property and equipment	-	-	-	3,987,023	3,987,023
Investments in associate	-	25,385,269	-	-	25,385,269
Total shareholders' assets	74,760	388,815,603	229,643,521	52,377,964	670,911,848
Total assets	203,613,119	405,527,382	257,704,621	58,015,628	924,860,750

28. Segment Information (continued)

b) Segment assets and liabilities (continued)

	2024 (Restated)				Total
	Underwriting	Investments	Real Estate	Unallocated	
Policyholder's liabilities					
Takaful arrangement liabilities	177,536,355	-	-	-	177,536,355
Accounts payable and other liabilities	-	-	-	16,286,721	16,286,721
Total policyholders' liabilities	177,536,355	-	-	16,286,721	193,823,076
Shareholders' liabilities					
Takaful arrangement liabilities	1,135,509	-	-	-	1,135,509
Ijarah liabilities	-	-	4,073,199	-	4,073,199
Accounts payable and other liabilities	-	-	-	30,340,104	30,340,104
Deferred wakala income	30,802,838	-	-	-	30,802,838
Provision for income tax	-	-	-	2,173	2,173
Employees' end of service benefits	-	-	-	7,599,117	7,599,117
Total shareholders' liabilities	31,938,347	-	4,073,199	37,941,394	73,952,940
Total liabilities	209,474,702	-	4,073,199	54,228,115	267,776,016

28. Segment Information (continued)

c) Net underwriting results (policyholders' and shareholders')

For the year ended 31 December 2025

	Marine & Aviation	General Accident	Motor	Takaful and Medical	Total
Recognised takaful contributions	15,188,445	94,830,379	118,577,589	295,499,240	524,095,653
Recognised takaful costs	(7,294,766)	(22,821,476)	(130,683,313)	(128,090,385)	(288,889,940)
Re-takaful net results	(7,684,437)	(64,724,118)	(3,086,018)	(183,192,346)	(258,686,919)
Takaful gross margin	209,242	7,284,785	(15,191,742)	(15,783,491)	(23,481,206)
Amortisation of deferred cost (related to provision of takaful arrangements)	(294,927)	(3,496,908)	(710,794)	(507,185)	(5,009,814)
Amortisation of deferred income (related to re-takaful arrangements held)	222,965	3,073,380	113,252	228,779	3,638,376
Net amortisation of deferred cost	(71,962)	(423,528)	(597,542)	(278,406)	(1,371,438)
Net takaful result	137,280	6,861,257	(15,789,284)	(16,061,897)	(24,852,644)

For the year ended 31 December 2024 (Restated)

	Marine & Aviation	General Accident	Motor	Takaful and Medical	Total
Recognised takaful contributions	15,003,482	87,065,655	116,406,406	219,292,445	437,767,988
Recognised takaful costs	(2,783,852)	(34,114,625)	(106,090,723)	(103,908,654)	(246,897,854)
Re-takaful net results	(11,465,152)	(47,691,946)	(2,720,246)	(123,942,472)	(185,819,816)
Takaful gross margin	754,478	5,259,084	7,595,437	(8,558,681)	5,050,318
Amortisation of deferred cost (related to provision of takaful arrangements)	(371,693)	(3,308,523)	(344,740)	(235,326)	(4,260,282)
Amortisation of deferred income (related to re-takaful arrangements held)	325,113	2,978,532	49,231	111,772	3,464,648
Net amortisation of deferred cost	(46,580)	(329,991)	(295,509)	(123,554)	(795,634)
Net takaful result	707,898	4,929,093	7,299,928	(8,682,235)	4,254,684

28. Segment Information (continued)

d) Business segments

The Group's main business segments (policyholders' and shareholders') are as follows:

As at and for the year ended 31 December 2025:

	<u>Underwriting</u>	<u>Investments</u>	<u>Real Estate</u>	<u>Unallocated</u>	<u>Total</u>
Net income	58,684,338	33,156,240	10,809,403	(60,778,826)	41,871,155
Total assets	196,507,550	441,523,318	255,880,952	52,817,809	946,729,629
Total liabilities	226,564,088	-	4,196,800	64,182,352	294,943,240

As at and for the year ended 31 December 2024:

	<u>Underwriting</u>	<u>Investments</u>	<u>Real Estate</u>	<u>Unallocated</u>	<u>Total</u>
Net income (Restated)	80,497,462	35,974,549	8,125,983	(50,120,825)	74,477,169
Total assets (Restated)	203,613,119	405,527,382	257,704,621	58,015,628	924,860,750
Total liabilities (Restated)	209,474,702	-	4,073,199	54,228,115	267,776,016

e) Geographical segments

The Group operates in the State of Qatar only.

29. Contingent liabilities

	<u>2025</u>	<u>2024</u>
Bank guarantees (1)	1,416,981	3,517,901
Tender bond (1)	19,486	1,451,448

Legal claims

The takaful sector of the Group is subject to litigations and is continuously involved in legal proceedings arising in its normal course of business. The Group carries adequate provisions against such litigations which are included as part of takaful contract liabilities.

(1) Bank guarantees and tender bonds

These relates to tenders and guarantees submitted to obtain government takaful arrangements against QR 4.969 million.

30. Basic and diluted earnings per share

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

	<u>2025</u>	<u>2024</u> (Restated)
Profit / (loss) attributable to shareholders	71,128,076	74,267,745
Weighted average number of ordinary shares (*)	255,279,020	255,279,020
Basic earnings per share (QR)	0.279	0.291

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

31. Financial instruments and risk management

Governance framework

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

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

Regulatory framework

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

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

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

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

Capital management framework

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

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

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

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

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

31. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk

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

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

The Group principally issues general takaful arrangements which constitute mainly Marine and Aviation, Motor, Fire and General Accidents, and Takaful and Medical. The concentration of takaful risk exposure is mitigated by diversifying the risk underwritten and ensuring that such risks are across a large portfolio in terms of type, level of insured benefits, amount of risk and industry.

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

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

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

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

- Key assumptions - Takaful risk

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

- Frequency and severity of claims

The frequency and severity of claims can be determined after consideration of several factors as follows:

- Past experience of the claims.
- Economic level.
- Laws and regulations; and
- Public awareness

31. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

- Frequency and severity of claims (continued)

The Group manages these 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. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. The Group has the right to re-price the risk on renewal. Takaful arrangements also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation). The retakaful arrangements include proportional and non-proportional coverage. The effect of such retakaful arrangements is that the Group should not suffer major takaful losses.

The Group has specialized claims units dealing with the mitigation of risks surrounding general takaful claims. This unit investigates, adjusts and settles all general takaful claims. The general takaful claims are reviewed individually regularly 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 settlements of general takaful claims to reduce its exposure to unpredictable developments.

Sources of uncertainty in the estimation of future claim payments

Claims on general takaful arrangements are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the arrangement, even if the loss is discovered after the end of the arrangement term. As a result, a larger element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these arrangements. These mainly relate to the inherent risks of the business activities carried out by individual arrangement holders and the risk management procedures adopted. The compensation paid on these arrangements is the monetary awards granted for the loss suffered by the policyholders or third parties (for third party liability covers).

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claim's exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these arrangements comprise a provision for IBNR, a liability for incurred claims not yet paid and a provision for remaining entitlement period risks as at the consolidated statement of financial position date.

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 (where the loss ratio is defined as the ratio between the ultimate cost of takaful claims and takaful contributions earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes. An actuarial valuation is done on each reporting to ensure the adequacy of the reserves.

Claims development:

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

31. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

Process used to decide on assumptions:

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

The Group uses assumptions based on a mixture of internal and actuarial report to measure its general takaful related claims liabilities. Internal data is derived mostly from the Group's monthly claims reports and screening of the actual takaful arrangements carried out at year-end to derive data for the arrangements held. The Group has reviewed the individual arrangements and their actual exposure to claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The table below sets out the concentration of liability for net liability for incurred claims and amount recoverable on incurred claims by type of business segment:

	2025			2024		
	Liability for incurred claims	Amounts recoverable on incurred claims	Net Liability	Liability for incurred claims	Amounts recoverable on incurred claims	Net Liability
Marine and aviation	6,038,542	4,734,695	1,303,847	7,404,313	5,205,471	2,198,842
General accident	68,745,921	60,127,304	8,618,617	89,805,999	82,114,431	7,691,568
Motor	37,312,283	4,707,971	32,604,312	31,470,514	5,471,010	25,999,504
Takaful and Medical	26,854,034	9,228,679	17,625,355	22,915,807	12,093,457	10,822,350
	138,950,780	78,798,649	60,152,131	151,596,633	104,884,369	46,712,264

Sensitivity analysis

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

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

	Change in assumptions	2025		2024	
		Impact on Net takaful result	Impact on equity	Impact on Net takaful result	Impact on equity
Ultimate claims	+1%	601,521	(601,521)	467,123	(467,123)
	-1%	(601,521)	601,521	(467,123)	467,123

The sensitivity to a 1% increase/decrease in ultimate claims is the same both net and gross of retakaful as this increase does not result in any material excess of loss retakaful limits being reached.

31. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

Claims development table:

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

Claim Development Table - 2025

	Accident Year					Total
	2021 and before	2022	2023	2024	2025	
Estimates of undiscounted gross cumulative claims						
At end of the accident year	309,503,180	76,524,373	101,606,311	98,069,906	118,184,467	703,888,237
One year later	195,533,500	43,658,633	46,933,581	51,579,269	-	337,704,983
Two years later	64,239,337	8,911,407	8,150,538	-	-	81,301,282
Three years later	26,790,180	6,109,366	-	-	-	32,899,546
Four years later	29,190,590	-	-	-	-	29,190,590
Cumulative payments to date (A)	(625,256,787)	(135,203,779)	(156,690,430)	(149,649,175)	(118,184,467)	(1,184,984,638)
Current estimate of cumulative claims (B)	634,497,813	143,829,936	189,323,677	164,896,268	177,968,758	1,310,516,452
Gross undiscounted liabilities for incurred claims (A - B)	9,241,026	8,626,157	32,633,247	15,247,093	59,784,291	125,531,814
Effect of discounting						(4,885,583)
Gross discounted liabilities for incurred claims						120,646,231
Effect of the risk adjustment margin for non-financial risk						4,010,369
Others						14,294,180
Gross liabilities for incurred claims for takaful arrangement liabilities as at 31 December 2025						138,950,780

31. Financial instruments and risk management (continued)

Capital management framework (continued)

Takaful risk (continued)

Claims development table (continued):

Claim Development Table - 2024

	Accident Year					Total
	2020 and before	2021	2022	2023	2024	
Estimates of undiscounted gross cumulative claims						
At end of the accident year	231,969,129	71,015,005	76,524,373	101,606,311	98,069,906	579,184,724
One year later	151,251,568	33,872,810	43,658,633	46,933,581	-	275,716,592
Two years later	58,703,084	5,297,925	8,911,407	-	-	72,912,416
Three years later	24,544,908	2,240,411	-	-	-	26,785,319
Four years later	23,171,134	-	-	-	-	23,171,134
Cumulative payments to date (A)	(489,639,823)	(112,426,151)	(129,094,413)	(148,539,892)	(98,069,906)	(977,770,185)
Current estimate of cumulative claims (B)	497,988,377	121,132,106	142,430,123	203,486,275	155,261,858	1,120,298,739
Gross undiscounted liabilities for incurred claims (A - B)	8,348,554	8,705,955	13,335,710	54,946,383	57,191,952	142,528,554
Effect of discounting						(7,171,448)
Gross discounted liabilities for incurred claims						135,357,106
Effect of the risk adjustment margin for non-financial risk						6,477,921
Others						9,761,606
Gross liabilities for incurred claims for takaful arrangement liabilities as at 31 December 2024						151,596,633

31. Financial instruments and risk management (continued)

Capital management framework (continued)

Retakaful risk

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

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

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

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

Credit risk

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

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

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

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

	<u>2025</u>	<u>2024</u>
Credit risk exposure by financial assets type:		
Cash at bank	81,213,451	87,679,351
Time deposits	160,100,000	205,100,000
Investment securities	140,858,675	72,669,364
Retakaful arrangement assets	105,265,290	104,995,457
Other receivables	<u>8,581,222</u>	<u>92,428,627</u>
Total exposure	<u>496,018,638</u>	<u>562,872,799</u>

31. Financial instruments and risk management (continued)

Cash at bank

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

	<u>2025</u>	<u>2024</u>
Credit ratings		
AA2	127,510	499,523
A1	24,464	100,784,593
A2	141,077,351	112,590,022
A3	208,619	441,196
A-	1,506,256	-
Baa1	98,369,251	78,464,017
	<u>241,313,451</u>	<u>292,779,351</u>

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

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Liquidity requirements are monitored on a daily/weekly/monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

- Maturity profiles

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

31. Financial instruments and risk management (continued)

Liquidity risk (continued)

-Maturity profiles(continued)

31 December 2025	Up to a year	1 to 5 years	Total
Financial and takaful assets			
Investment securities	28,405,397	61,260,701	89,666,098
Retakaful arrangement assets	105,265,290	-	105,265,290
Time deposits	160,000,000	100,000	160,100,000
Cash and cash equivalents	82,065,117	-	82,065,117
Total	375,735,804	61,360,701	437,096,505

31 December 2025	Up to a year	1 to 5 years	Total
Financial and takaful liabilities			
Takaful arrangement liabilities	193,857,779	-	193,857,779
Payables and other liabilities	50,697,673	-	50,697,673
Ijarah Liabilities	263,048	405,337	668,385
Total	244,818,500	405,337	245,223,837

31 December 2024	Up to a year	1 to 5 years	Total
Financial and takaful assets			
Investment securities	9,004,050	42,599,901	51,603,951
Retakaful arrangement assets	105,070,217	-	105,070,217
Time deposits	205,000,000	100,000	205,100,000
Cash and cash equivalents	89,788,475	-	89,788,475
Total	408,862,742	42,699,901	451,562,643

31 December 2024	Up to a year	1 to 5 years	Total
Financial and takaful liabilities			
Takaful arrangement liabilities	178,671,864	-	178,671,864
Payables and other liabilities	46,626,825	-	46,626,825
Ijarah Liabilities	52,648	296,564	349,212
Total	225,351,337	296,564	225,647,901

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in international and local equity and bond markets. In addition, The Group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

31. Financial instruments and risk management (continued)

Market risk (continued)

i. Currency risk

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

ii. Interest rate risk

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

Fair value sensitivity analysis for variable interest rate

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

	Profit or (Loss)	
	31 December 2025	31 December 2024
Cash flow sensitivity – Call / deposit accounts	<u>1,601,000</u>	<u>2,051,000</u>

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

Equity price risk

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

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

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

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

	Changes in equity prices	Effect on equity / Income statement	Effect on profit
2025			
Investments at fair value through other comprehensive income	<u>±5%</u>	<u>6,911,849</u>	<u>-</u>
2024			
Investments at fair value through other comprehensive income	<u>±5%</u>	<u>7,444,182</u>	<u>-</u>

31. Financial instruments and risk management (continued)

Capital Management

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

The Group's objectives when managing capital is:

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

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimize the risk of default and insolvency on the part of the takaful companies to meet unforeseen liabilities as they arise. The Group and its regulated subsidiaries in general have complied with the requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Qatar Central Bank. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

32. Fair value measurement

The Group's assets and liabilities are measured at amortized cost and not at fair value. Management believes that the carrying values of these financial assets and financial liabilities as at the reporting date are a reasonable approximation of their fair values.

Fair value hierarchy

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

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

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

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

32. Fair value measurement (continued)

Accounting classification and fair values of asset and liabilities

As at 31 December 2025:

	Carrying Value				Fair Value		
	Fair value	Amortized cost	Financial liabilities	Total carrying amount	Level 1	Level 2	Level 3
Assets measured at fair value							
Policyholders							
Investments at fair value through other comprehensive income	15,500,000	-	-	15,500,000	15,500,000		
Investments at fair value through income statement	1,118,086	-	-	1,118,086		1,118,086	
Assets not measured at fair value							
Bank balances and time deposits	-	91,242,260	-	91,242,260			
Retakaful arrangement asset	-	105,265,290	-	105,265,290			
Other receivables and prepayments	-	4,268,781	-	4,268,781			
Liabilities not measured at fair value							
Takaful arrangement liabilities	-	-	(192,797,270)	(192,797,270)			
Accounts payable and other liabilities	-	-	(22,072,227)	(22,072,227)			
Assets measured at fair value							
Shareholders							
Investments at fair value through other comprehensive income	122,736,987	-	-	122,736,987	103,082,711		19,654,276
Investments at fair value through income statement	24,821,756	-	-	24,821,756		24,821,756	
Assets not measured at fair value							
Bank balances and time deposits	-	150,922,857	-	150,922,857			
Retakaful arrangement asset	-	-	-	-			
Other receivables and prepayments	-	4,207,219	-	4,207,219			
Investment in sukuk at amortised costs	-	140,697,784	-	140,697,784			
Liabilities not measured at fair value							
Takaful arrangement liabilities	-	-	(1,060,509)	(1,060,509)			
Accounts payable and other liabilities	-	-	(33,373,648)	(33,373,648)			
Employees' end of service benefits	-	-	(8,734,304)	(8,734,304)			
	164,176,829	496,604,191	(258,037,958)	402,743,062			

32. Fair value measurement (continued)

Accounting classification and fair values of financial asset and liabilities (continued)

As at 31 December 2024:

	Carrying Value				Fair Value		
	Fair value	Amortized cost	Financial liabilities	Total carrying amount	Level 1	Level 2	Level 3
<i>Assets measured at fair value</i>							
<i>Policyholders</i>							
Investments at fair value through other comprehensive income	16,711,779	-	-	16,711,779	16,711,779		
<i>Assets not measured at fair value</i>							
Bank balances and time deposits	-	98,542,902	-	98,542,902			
Retakaful arrangement asset	-	104,995,457	-	104,995,457			
Other receivables and prepayments	-	5,637,664	-	5,637,664			
<i>Liabilities not measured at fair value</i>							
Takaful arrangement liabilities	-	-	(177,536,355)	(177,536,355)			
Accounts payable and other liabilities	-	-	(16,286,721)	(16,286,721)			
<i>Assets measured at fair value</i>							
<i>Shareholders</i>							
Investments at fair value through other comprehensive income	132,171,861	-	-	132,171,861	113,762,585		18,409,276
Investments at fair value through income statement	3,650,000	-	-	3,650,000		3,650,000	
<i>Assets not measured at fair value</i>							
Bank balances and time deposits	-	196,345,573	-	196,345,573			
Retakaful arrangement asset	-	74,760	-	74,760			
Other receivables and prepayments	-	7,145,368	-	7,145,368			
Investment in sukuk at amortised costs	-	72,508,473	-	72,508,473			
<i>Liabilities not measured at fair value</i>							
Takaful arrangement liabilities	-	-	(1,135,509)	(1,135,509)			
Accounts payable and other liabilities	-	-	(30,340,104)	(30,340,104)			
Employees' end of service benefits	-	-	(7,599,117)	(7,599,117)			
	152,533,640	485,250,197	(232,897,806)	404,886,031			

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

32. Fair value measurement (continued)

The reconciliation of Level 3 is as follows:

	Policyholder		Shareholder	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
At the beginning of the year (Reversal) / provision of impairment losses during the year	-	-	18,409,276	18,747,140
	-	-	1,245,000	(337,864)
At the ending of the year	-	-	19,654,276	18,409,276

Sensitivity information for unquoted equity investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's unquoted equity investments is based on the price-to-earnings ratio in which the value of unquoted shares is related to the earnings attributable to each share rather than the dividend payable on such share.

A 5% variation in the valuation will result in the value of unquoted equity investments to increase / decrease by QR 982,714 (2024: QR 920,464).

33. Mudarabah and Wakala fees

Mudarabah fees are calculated at a rate of 70% (2024: 70%) of the net income received on the investments of the policyholders. The actual rate for each year is determined by the Sharia Supervisory Board after co-ordination with the Company's Board of Directors.

The Wakala fee is provided to shareholders at the rate of 26% (2024: 26%) of gross written contribution (excluding 100% gross written contribution from fronting business).

34. Zakat

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

35. Dividend declared and paid

The Board of Directors has proposed in their meeting to distribute cash dividends of QR 0.15 per share amounting to QR 38,291,853. The proposed dividends are subject to the approval of the General Assembly meeting.

The General Assembly has approved in their meeting dated 17 March 2025 to distribute cash dividends of QR 0.15 per share amounting to QR 38,291,853 for the financial year ended 31 December 2024.

The General Assembly has approved in their meeting dated 17 March 2024 to distribute cash dividends of QR 0.12 per share amounting to QR 30,633,500 for the financial year ended 31 December 2023.

36. Subsequent events

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

37. Restatement of the consolidated financial statements

The comparative figures have been restated due to the following:

The Group has decided to apply the full retrospective approach while transitioning to the FAS 42 – Presentation and Disclosures in the Financial Statements of Takaful Institutions and FAS 43 – Accounting for Takaful: Recognition and Measurement, as issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). In addition, the Contribution Allocation Approach (CAA), which is an optional simplified measurement model in FAS 43 has been applied by the Group to the majority of the takaful arrangements in all business segments because the following criteria are met at the date of the transition:

- Takaful arrangements and loss-occurring retakaful arrangements: While most arrangements have an entitlement period of one year or less, certain arrangements extend beyond one year. These arrangements were assessed for materiality and subjected to the Contribution Allocation Approach (CAA) eligibility testing. As the resulting groups did not differ materially in terms of the provision for remaining entitlement, the Contribution Allocation Approach has been applied consistently.
- Risk-attaching retakaful arrangements: The Group reasonably expects that the resulting measurement of the asset for remaining entitlement period would not differ materially from the result of applying the accounting policies in FAS 43.

According to that, the consolidated statement of financial position, statement of policyholders' revenues and expenses, shareholders' income statement, changes in shareholders' equity and cash flows have been restated. The adjustments mainly impacted on the following line items of the consolidated statement of financial position, consolidated statement of policyholders' revenues and expenses, and consolidated shareholders' income statement respectively:

37. Restatement of the consolidated financial statements (continued)

Consolidated statement of financial position	As at 1 January 2024 as previously stated and reclassified	Adjustments	As at 1 January 2024 as restated
Policyholders' assets			
Takaful balances receivable	48,211,553	(48,211,553)	-
Retakaful balances receivable	49,846,117	(49,846,117)	-
Retakaful contract assets	166,926,517	(166,926,517)	-
Deferred commission	10,666,396	(10,666,396)	-
Other receivables and prepayments	13,731,278	(7,761,296)	5,969,982
Retakaful arrangement asset	-	146,052,638	146,052,638
Policyholders' equity			
Retained surplus	28,103,677	24,533,550	52,637,227
Policyholders' liabilities			
Takaful contract liabilities	296,086,823	(296,086,823)	-
Deferred commission income	9,276,143	(9,276,143)	-
Takaful balances payable	16,933,738	(16,933,738)	-
Retakaful balances payable	16,184,848	(16,184,848)	-
Takaful arrangement liabilities	-	176,588,761	176,588,761
Shareholders' liabilities			
Deferred wakala income	-	29,370,564	29,370,564
Shareholders' equity			
Retained earnings	28,298,858	(29,370,564)	(1,071,706)

37. Restatement of the consolidated financial statements (continued)

	<i>As at 31 December 2024 as previously stated and reclassified</i>	<i>Adjustments</i>	<i>As at 31 December 2024 as restated</i>
Consolidated statement of financial position			
<i>Policyholders' assets</i>			
Takaful balances receivable	52,719,754	(52,719,754)	-
Retakaful balances receivable	44,882,435	(44,882,435)	-
Retakaful contract assets	165,630,321	(165,630,321)	-
Deferred commission	10,647,348	(10,647,348)	-
Other receivables and prepayments	14,861,244	(9,223,580)	5,637,664
Retakaful arrangement asset	-	104,995,457	104,995,457
<i>Policyholders' equity</i>			
Retained surplus	26,602,642	26,244,009	52,846,651
<i>Policyholders' liabilities</i>			
Takaful contract liabilities	298,276,576	(298,276,576)	-
Deferred commission income	9,040,223	(9,040,223)	-
Takaful balances payable	16,750,532	(16,750,532)	-
Retakaful balances payable	57,821,014	(57,821,014)	-
Takaful arrangement liabilities	-	177,536,355	177,536,355
<i>Shareholders' liabilities</i>			
Deferred wakala income	-	30,802,838	30,802,838
<i>Shareholders' equity</i>			
Retained earnings	70,429,944	(30,802,838)	39,627,106

37. Restatement of the consolidated financial statements (continued)

Effect on the consolidated statement of policyholders' revenue and expenses:

	<i>As previously reported for the year ended</i>	<i>Adjustments</i>	<i>As restated for the year ended</i>
	31 December 2024		31 December 2024
Net surplus from takaful operations	83,291,907	(79,040,646)	4,251,261
Wakala fees	(77,675,052)	77,675,052	-

Effect on the consolidated shareholders' income statement:

	<i>As previously reported for the year ended</i>	<i>Adjustments</i>	<i>As restated for the year ended</i>
	31 December 2024		31 December 2024
Wakala fees	77,675,052	(77,675,052)	-
Wakala fees – earned	-	76,242,778	76,242,778
Basic and diluted earnings per share (QR per share)	0.297	(0.006)	0.291

38. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 11 February 2026.