

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

Condensed interim consolidated financial information
(Unaudited)

For the nine-month period ended 30 September 2023

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

Condensed interim consolidated financial information (unaudited)

For the nine-month period ended 30 September 2023

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Board of Directors' report

The Board of Directors have the pleasure in submitting their report and the condensed interim consolidated financial information for the nine-month period ended 30 September 2023.

Incorporation and registered offices

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

Principal activities

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

Financial position and results

The financial position and results of the Group for the nine-month period ended 30 September 2023 are set out in the accompanying condensed interim consolidated financial information.

Directors

The following were the Directors of the Group for the nine-month period ended 30 September 2023:

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

Auditors

The condensed interim consolidated financial information for the nine-month period ended 30 September 2023 has been reviewed by Grant Thornton Audit and Accounting Limited – Abu Dhabi

By order of the Board of Directors



Dr. Saleh Hashem Sayed Al Hashimi



REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF DUBAI ISLAMIC INSURANCE & REINSURANCE CO. (AMAN) (P.J.S.C)

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of Dubai Islamic Insurance & Reinsurance Co. (AMAN) (P.J.S.C) (the “Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the condensed interim consolidated statement of financial position as at 30 September 2023 and the related condensed interim consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the condensed interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and other related explanatory notes.

Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matter

The consolidated financial statements for the year ended 31 December 2022 and the condensed interim consolidated financial information for the nine-month period ended 30 September 2022 were audited and reviewed by another auditor who expressed an unqualified opinion and unmodified review conclusion on those statements on 31 March 2023 and 14 November 2022 respectively.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 “*Interim Financial Reporting*”.

REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF DUBAI ISLAMIC INSURANCE & REINSURANCE CO. (AMAN) (P.J.S.C) (continued)

Emphasis of Matters

Without qualifying our conclusion, we draw attention to Note 1.1 to the condensed interim consolidated financial information, which states that as of that date, the accumulated losses have reached AED 133 million, which represents 59% of the share capital of the Company. Further, the Group did not meet the Solvency Requirements as of 30 September 2023. The Group's ability to continue as a going concern depends on the successful execution of the proposed business plan, which states that the Shareholders of the Group have approved the exit of all takaful operations and the change of the status of the Group from a takaful operator to an investment Group. These factors, along with other matters set forth in Note 1.1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

Further, we draw attention to Note 19.2 to the condensed interim consolidated financial information, which states that the entire Takaful operations have been classified as held for sale according to the requirements of IFRS 5 "*Discontinued Operations and Assets Held for Sale*", based on the Shareholders' special resolution issued on 6 February 2023 to approve the board of directors' decision for the Group to exit and sell its entire insurance portfolio, and authorizing the Group's Board of Directors to complete all procedures with authorities and Policyholders to exit the insurance business and transform the Group's activities into an investment Group, our conclusion is not modified in respect of this matter.

We draw attention to note 19.1 of the condensed interim consolidated financial information, which discloses information on assets that are held by a related party for the beneficial interest of the Group. Our review report is not modified in respect of this matter.



Farouk Mohamed
Grant Thornton
Registration No 86
Abu Dhabi, United Arab Emirates
14 November 2023

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)
Condensed interim consolidated financial information (unaudited)

Condensed interim consolidated statement of financial position
As at 30 September 2023

		30 September 2023 AED (Unaudited)	(Restated) 31 December 2022 AED (Unaudited)
	Notes		
ASSETS			
Property and equipment	5	85,648	150,018
Financial assets carried at fair value through other comprehensive income (FVOCI)	6	33,871,617	31,384,607
Financial assets carried at fair value through profit or loss (FVTPL)	6	32,792,410	82,679
Investment properties		40,647,694	40,647,694
Statutory deposit	7	10,000,000	10,000,000
Prepayments and other receivables	8	34,339,685	48,846,449
Deferred policy acquisition costs		1,171,159	8,698,704
Assets under discontinued operations - subsidiaries	19.1	1,583,321	1,583,321
Assets classified as held for sale - takaful operations	19.2	942,448,784	1,154,180,724
Cash and cash equivalents	9.1	29,355,323	76,163,974
TOTAL ASSETS		1,126,295,641	1,371,738,170
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	13	225,750,000	225,750,000
Legal reserve		6,309,669	6,309,669
General reserve		6,309,669	6,309,669
Accumulated losses		(132,947,362)	(146,704,914)
Investments revaluation reserve – FVOCI		(13,532,962)	(13,151,220)
Equity attributable to the shareholders of the Company		91,889,014	78,513,204
Non-controlling interests		(1,325,973)	(1,325,973)
TOTAL EQUITY		90,563,041	77,187,231
LIABILITIES			
Provision for employees' end of service benefits	10	2,286,547	5,456,780
Trade and other payables	11	16,387,594	23,215,840
Due to policyholders		61,662,319	98,750,239
Liabilities directly associated with assets under discontinued operations - subsidiaries	19.1	12,947,356	12,947,356
Liabilities directly associated with assets classified as held for sale - takaful operations	19.2	942,448,784	1,154,180,724
TOTAL LIABILITIES		1,035,732,600	1,294,550,939
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,126,295,641	1,371,738,170

This condensed interim consolidated financial information was authorised for issue on 14 November 2023 by the Board of Directors and signed on its behalf by:


Rached Diab
Chief Executive Officer


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

The accompanying notes from 1 to 25 form an integral part of this condensed interim consolidated financial information.

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)
Condensed interim consolidated financial information (unaudited)

Condensed interim consolidated statement of profit or loss
For the nine-month period ended 30 September 2023

		Three-month period ended 30 September		Nine-month period ended 30 September	
		(Restated)	(Restated)		
	Notes	2023 AED (Unaudited)	2022 AED (Unaudited)	2023 AED (Unaudited)	2022 AED (Unaudited)
Attributable to Policyholders					
Discontinued operations					
Profit/(loss) from discontinued operations - takaful operation	19.2	78,269	161,437	249,672	(4,416,048)
Attributable to Shareholders					
Income					
Investment income, net	15	3,184,498	1,739,729	3,509,422	3,837,778
Wakala fees from policyholders	14	1,579,181	18,566,745	6,556,679	53,749,305
Mudarib’s share from policyholders	14	4,814	(33,940)	16,154	94,554
		4,768,493	20,272,534	10,082,255	57,681,637
Expenses					
Policy acquisition cost		(2,143,343)	(6,823,550)	(11,263,448)	(21,941,195)
General and administrative expenses		(1,410,796)	(6,735,740)	(10,005,109)	(20,312,548)
Recovery /(provision) against Qard Hassan to policyholders		5,527,370	(7,942,155)	21,933,360	(21,761,034)
Total expenses		1,973,231	(21,501,445)	664,803	(64,014,777)
Profit/(loss) for the period from continuing operations		6,741,724	(1,228,911)	10,747,058	(6,333,140)
Profit from discontinued operations		-	-	-	11,169
Profit/(loss) for the period		6,741,724	(1,228,911)	10,747,058	(6,321,971)
Attributable to:					
Shareholders of the Group		6,741,724	(1,228,911)	10,747,058	(6,323,088)
Non-controlling interests		-	-	-	1,117
		6,741,724	(1,228,911)	10,747,058	(6,321,971)
Earnings/(loss) per share – continuing operations					
	16	0.030	(0.005)	0.048	(0.028)

The accompanying notes from 1 to 25 form an integral part of this condensed interim consolidated financial information.

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)
Condensed interim consolidated financial information (unaudited)

Condensed interim consolidated statement of other comprehensive income
For the nine-month period ended 30 September 2023

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2023 AED (Unaudited)	(Restated) 2022 AED (Unaudited)	2023 AED (Unaudited)	(Restated) 2022 AED (Unaudited)
Profit/(loss) for the period	6,741,724	(1,228,911)	10,747,058	(6,321,971)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Transfer of realised gain on sale of financial assets carried at fair value through other comprehensive income	(1,273,305)	-	(3,010,494)	-
Changes in fair value of financial assets carried at fair value through other comprehensive income	(706,944)	-	2,628,752	6,254,673
Other comprehensive (loss)/income for the period	(1,980,249)	-	(381,742)	6,254,673
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	4,761,475	(1,228,911)	10,365,316	(67,298)
Attributable to:				
Shareholders of the Group	4,761,475	(1,228,911)	10,365,316	(68,415)
Non-controlling interests	-	-	-	1,117
	4,761,475	(1,228,911)	10,365,316	(67,298)

The accompanying notes from 1 to 25 form an integral part of this condensed interim consolidated financial information.

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)
Condensed interim consolidated financial information (unaudited)

Condensed interim consolidated statement of changes in equity
For the nine-month period ended 30 September 2023

	Share capital AED	Legal reserve AED	General reserve AED	Accumulated losses AED	Investments revaluation reserve – FVOCI AED	Equity attributable to shareholders AED	Non- controlling interests AED	Total AED
Balance at 1 January 2022	225,750,000	6,309,669	6,309,669	(78,961,422)	(74,975,644)	84,432,272	(1,327,090)	83,105,182
Net (loss)/profit for the period attributable to the shareholders of the Group	-	-	-	(6,323,088)	-	(6,323,088)	1,117	(6,321,971)
Changes in fair value of financial assets carried at fair value through other comprehensive income	-	-	-	-	6,254,673	6,254,673	-	6,254,673
Total comprehensive income for the period	-	-	-	(6,323,088)	6,254,673	(68,415)	1,117	(67,298)
Transfer of realised loss from fair value reserve to accumulated losses on disposal of investments carried at FVTOCI	-	-	-	(49,203,090)	49,203,090	-	-	-
Balance at 30 September 2022	225,750,000	6,309,669	6,309,669	(134,487,600)	(19,517,881)	84,363,857	(1,325,973)	83,037,884
Balance at 1 January 2023	225,750,000	6,309,669	6,309,669	(146,704,914)	(13,151,220)	78,513,204	(1,325,973)	77,187,231
Net profit for the period attributable to the shareholders of the Group	-	-	-	10,747,058	-	10,747,058	-	10,747,058
Changes in fair value of financial assets carried at fair value through other comprehensive income	-	-	-	-	2,628,752	2,628,752	-	2,628,752
Transfer of realised gain from fair value reserve to accumulated losses on disposal of investments carried at FVTOCI	-	-	-	3,010,494	(3,010,494)	-	-	-
Total comprehensive income for the period	-	-	-	13,757,552	(381,742)	13,375,810	-	13,375,810
Balance at 30 September 2023	225,750,000	6,309,669	6,309,669	(132,947,362)	(13,532,962)	91,889,014	(1,325,973)	90,563,041

The accompanying notes from 1 to 25 form an integral part of this condensed interim consolidated financial information.

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)
Condensed interim consolidated financial information (unaudited)

Condensed interim consolidated statement of cash flows
For the nine-month period ended 30 September 2023

	Nine-month period ended	
	(Restated)	
	30 September	30 September
	2023	2022
	AED	AED
OPERATING ACTIVITIES		
Profit/(loss) for the period	10,747,058	(6,321,971)
Adjustments for:		
Depreciation of property and equipment	64,370	95,561
Unrealised gain on financial assets carried at fair value through profit or loss (FVTPL)	(1,137,346)	2,666,958
Provision for employees' end of service benefits	549,393	728,836
Income from wakala deposits with banks	(64,279)	(45,027)
Rental income	(256,996)	65,200
Expected credit losses on financial assets	-	1,376,222
Dividend income	(174,554)	(1,667,463)
Operating cashflows before working capital changes:	9,727,646	(3,101,684)
Working capital changes:		
Change in prepayments and other receivables	14,506,764	(40,294,078)
Change in trade and other payables	(6,828,246)	(17,745,692)
Change in deferred policy acquisition costs	7,527,545	1,227,087
Change in due to policyholders	(37,087,920)	44,318,630
Cash used in operations	(12,154,211)	(15,595,737)
Employees' end of service benefits paid	(3,719,626)	(325,395)
Net cash used in operating activities	(15,873,837)	(15,921,132)
INVESTING ACTIVITIES		
Purchase of financial assets carried at fair value through other comprehensive income (FVOCI)	(13,252,059)	-
Disposal proceeds from financial assets carried at fair value through other comprehensive income (FVOCI)	10,533,260	42,182,498
Purchase of financial assets measured at FVTPL	(39,706,531)	(7,445,715)
Disposal proceeds from financial assets measured at FVTPL	8,115,125	-
Dividend income received	174,554	1,667,463
Income from wakala deposits with banks	64,279	45,027
Net change in discontinued operations- takaful operations	(34,072,965)	3,352,479
Increase in wakala deposits	-	10,000,000
Purchase of property and equipment	-	(33,345)
Net cash (used in)/generated from investing activities	(68,144,337)	49,768,407
FINANCING ACTIVITIES		
Murabaha payable	-	(15,228,543)
Zakat payable	-	(295,000)
Net cash used in financing activities	-	(15,523,543)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(84,018,174)	18,323,732
Cash and cash equivalents at the beginning of the period	133,832,554	89,048,098
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 9)	49,814,380	107,371,830

The accompanying notes from 1 to 25 form an integral part of this condensed interim consolidated financial information.

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

Condensed interim consolidated financial information (unaudited)

Notes to the condensed interim consolidated financial information

For the nine-month period ended 30 September 2023

1 General information

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

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003. The Company issues short-term takaful contracts in connection with motor, marine, fire and engineering, general accident and medical risks and life takaful risks. The Company also invests in investment securities and properties.

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

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

The Company with its subsidiaries are together referred to as (the “Group”) in this condensed interim consolidated financial information. At 30 September 2023 and 31 December 2022, the Company had the following subsidiaries:

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

The Group neither made social contributions during the period ended 30 September 2023 nor the year ended 31 December 2022.

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)
Condensed interim consolidated financial information (unaudited)

Notes to the condensed interim consolidated financial information (continued)
For the nine-month period ended 30 September 2023

1 General information (continued)

1.1 Assessment of going concern assumption

As at 30 September 2023, the Group's accumulated losses amounted to AED 133 million, which represent 59% of the share capital of the Group. Accordingly, and as stated in the note 21 to the condensed interim consolidated financial information, the Group is not in compliance with the solvency requirements of the Financial Regulations as the solvency deficit reached AED 180 million as at 30 September 2023. To address the solvency deficit, the Group's management initially submitted a recovery plan to the Central Bank of United Arab Emirates ("CBUAE") which involved a substantial capital injection by means of a rights issue; however, the plan was subsequently changed, because it was envisaged that shareholders are unlikely to support a capital injection in the prevailing economic and financial circumstances. The new plan, which is subject to the regulatory approval, envisages selling the portfolios of the takaful business to other takaful companies and, aided partly by the proceeds resulting the sale of the takaful portfolios and partly by other assets, generating enough capital to transform the company into a viable investment firm to safeguard and preserve shareholders' value. The Group has informed the CBUAE of its revised plans and received (in-principle/ no-objection letter) approval to proceed with the above sale negotiations.

However, during the General Assembly meeting held on 6 February 2023, the shareholders issued a special resolution approving the board of directors' decision to exit all and sell the entire takaful portfolio and authorising the Group's board of directors to complete all procedures with authorities and policyholders to exit takaful business and transform the Group into an investment group. As a result, the Group signed two portfolio transfer agreements (PTA) with Islamic Arab Insurance Co. to transfer the general, medical, and family takaful portfolio and with Abu Dhabi National Takaful Co. to transfer the individual life portfolio, refer to note 19. However, management believes that the transfer is expected to be completed during 2023 and that the proceeds resulted from the execution of these agreements are expected to improve the Group's liquidity and generate enough capital to transform the Company into a viable investment firm to safeguard and preserve shareholders' value.

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

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

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

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

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2023. The application of some of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements.

- Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2)
- IFRS 17 Insurance Contracts

These amendments do not have a significant impact on the condensed interim consolidated financial information and therefore the disclosures have not been made for. However, the Group has not applied the requirements of IFRS 17 "*Insurance contracts*" due to the ongoing plan to sell the entire takaful portfolio and cease all insurance / takaful activities, refer to note 19.

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)
Condensed interim consolidated financial information (unaudited)

Notes to the condensed interim consolidated financial information (continued)
For the nine-month period ended 30 September 2023

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

2.2 Amendment to standards and interpretations issued but not yet effective

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

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

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

3 Summary of significant accounting policies

Basis of preparation

This condensed interim consolidated financial information of the Group is prepared on an accrual basis and under the historical cost basis except for financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income and investment property, which are carried at fair value.

This condensed interim consolidated financial information is prepared in accordance with International Accounting Standard 34: “*Interim Financial Reporting*” issued by the International Accounting Standard Board (IASB) and comply with the applicable requirements of the UAE federal law No. (32) of 2021 and the UAE Federal Law no. 6 of 2007 (as amended) on Establishment of Insurance Authority and Organization of its Operations.

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

This condensed interim consolidated financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2022. In addition, results for the period from 1 January 2023 to 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

4 Changes in judgements and estimation uncertainty

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Dubai Islamic Insurance & Reinsurance Company (AMAN) (P.J.S.C)
Condensed interim consolidated financial information (unaudited)

Notes to the condensed interim consolidated financial information (continued)
For the nine-month period ended 30 September 2023

5 Property and equipment

	Motor vehicles AED	Furniture and fixtures AED	Office equipment AED	Total AED
Cost:				
At 1 January 2023	227,290	5,405,566	5,909,248	11,542,104
Disposals	(650)	-	(155,817)	(156,467)
At 30 September 2023	226,640	5,405,566	5,753,431	11,385,637
Accumulated depreciation:				
At 1 January 2023	227,290	5,399,639	5,765,157	11,392,086
Charged for the period	-	5,150	59,220	64,370
Disposals	(650)	-	(155,817)	(156,467)
At 30 September 2023	226,640	5,404,789	5,668,560	11,299,989
Net carrying amount	-	777	84,871	85,648
	Motor vehicles AED	Furniture and fixtures AED	Office equipment AED	Total AED
Cost:				
At 1 January 2022	227,290	5,404,991	5,877,134	11,509,415
Additions	-	575	32,114	32,689
At 31 December 2022	227,290	5,405,566	5,909,248	11,542,104
Accumulated depreciation:				
At 1 January 2022	218,668	5,380,034	5,673,289	11,271,991
Charged for the year	8,622	19,605	91,868	120,095
At 31 December 2022	227,290	5,399,639	5,765,157	11,392,086
Net carrying amount	-	5,927	144,091	150,018

6 Investments in financial assets

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited) (Restated)
Financial assets carried at fair value through other comprehensive income (FVOCI) (A)		
- Listed	30,546,406	27,827,607
- Unlisted	3,325,211	3,557,000
	33,871,617	31,384,607
Financial assets measured at fair value through profit or loss (FVTPL) (B)		
- Listed	32,792,410	82,679
	32,792,410	82,679
Total investment in financial assets measured at fair value (A+B)	66,664,027	31,467,286
Investments by geographical concentration are as follows:		
- Within U.A.E.	63,338,816	27,910,286
- Outside U.A.E.	3,325,211	3,557,000
	66,664,027	31,467,286

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7 Statutory deposit

A deposit of AED 10 million (2022: AED 10 million) has been placed with a bank, in accordance with Article (42) of the UAE Federal Law No. (6) of 2007 (as amended). This deposit has been pledged to the bank as security against a guarantee issued by the bank in favour of the CBUAE for the same amount. This deposit cannot be withdrawn without prior approval of the CBUAE and bears a profit rate of 0.6% per annum (2022: 0.6% per annum).

8 Prepayments and other receivables

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited)
Prepayments	1,222,252	2,011,839
Advance to suppliers	1,115,000	1,115,000
Refundable deposits	87,483	87,483
Other receivables	31,914,950	45,632,127
	34,339,685	48,846,449

Other receivables include AED 27.3 million (31 December 2022: 41.1 million) receivable against an investment disposed during 2022.

9 Cash and bank balances (excluding statutory deposit)

9.1 Cash and cash equivalents

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited) (Restated)
Cash on hand	30,111	60,418
Bank balances in current accounts	48,780,832	132,783,643
	48,810,943	132,844,061
Less: allowances for expected credit losses	(5,539)	(20,483)
Total	48,805,404	132,823,578
Less: cash and bank balances related to discontinued operations – Policyholders (note 19.2)	(19,450,081)	(56,659,604)
Total	29,355,323	76,163,974

Details of allowances for expected credit losses are as follows:

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited)
Balance at beginning of the period/year	20,483	17,622
(Reversal)/charges for the period/year	(14,944)	2,861
Balance at end of the period/years	5,539	20,483

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9 Cash and bank balances (excluding statutory deposit) (continued)

9.1 Cash and cash equivalents (continued)

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

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited) (Restated)
Cash and cash equivalents, gross	29,360,862	76,184,457
Less: allowances for expected credit losses	(5,539)	(20,483)
Cash and cash equivalents, net	<u>29,355,323</u>	<u>76,163,974</u>
Cash and cash equivalents included in assets under discontinued operations – subsidiaries (note 19.1)	1,008,976	1,008,976
Cash and cash equivalents included in assets under discontinued operations – Takaful operations (note 19.2)	19,450,081	56,659,604
Total	<u>49,814,380</u>	<u>133,832,554</u>

10 Provision for employees' end of service benefits

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited) (Restated)
Balance at beginning of the period/year	5,456,780	6,199,433
Charged during the period/year	549,393	1,177,256
Payments made during the period/year	(3,719,626)	(1,919,909)
Balance at end of the period/year	<u>2,286,547</u>	<u>5,456,780</u>

11 Trade and other payables

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited) (Restated)
Trade payables and accruals	14,481,545	20,855,075
Zakat payable	363,805	813,805
Other payables	1,542,244	1,546,960
	<u>16,387,594</u>	<u>23,215,840</u>

12 Contingencies

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

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

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13 Share capital

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited)
<i>Issued and fully paid:</i>		
225,750,000 ordinary shares of AED 1 each		
(2022: 225,750,000 ordinary shares of AED 1 each)		
	225,750,000	225,750,000

Reinsurance default reserve is recorded under the takaful operations (Note 19.2)

14 Wakala fees and Mudarib's share

The Group manages the takaful operations for the Policyholders and charges 33% (30 September 2022: 33%) of the gross takaful contributions net of fronting contribution as Wakala fees. In addition, the Group charges 2% (30 September 2022: 2%) on fronting contribution as Wakala fees. These Wakala fees rates were approved by the Group's Fatwa and Sharia'a Supervisory Board.

The Group also manages the Policyholders' investment funds and is entitled to 25% (30 September 2022: 25%) of net investment income earned by the takaful operations' investment funds as the Mudarib's share. Wakala fees and Mudarib's share will cease upon disposing of the entire takaful operations.

15 Investment income, net

	Nine-month period ended 30 September	
	2023 AED (Unaudited)	2022 AED (Unaudited)
	AED	AED (Restated)
Dividend income	174,554	1,667,463
Income from wakala deposits with banks	64,279	45,027
Investment expenses	(23,840)	(352,191)
Income on investment properties, net	280,836	286,991
Realised gain on investments in financial assets measured at FVTPL	721,179	4,857,446
Unrealised gain on investments in financial assets measured at FVTPL	1,137,346	(2,666,958)
Other income	1,155,068	-
	3,509,422	3,837,778

Investment income and losses are allocated amongst the shareholders and the policyholders on a pro rata basis. This allocation to policyholders is approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.

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16 Basic and diluted earnings/(losses) per share

Earnings/(losses) per share are calculated by dividing profits/(losses) attributable to the shareholders for the period from continuing operations and discontinued operations, by the weighted average number of shares outstanding during the period.

	Nine-month period ended 30 September					
	2023 AED (Unaudited)	2022 AED (Unaudited) (Restated)	2023 AED (Unaudited)	2022 AED (Unaudited)	2023 AED (Unaudited)	2022 AED (Unaudited) (Restated)
	Profit / (loss) for the period		Weighted average number of shares outstanding during the period		Earnings/(losses) per share (AED per share)	
Continuing operations	10,747,058	(6,321,971)	225,750,000	225,750,000	0.048	(0.028)
Discontinuing operations	249,672	(4,416,048)	225,750,000	225,750,000	0.001	(0.020)

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

17 Fatwa and Sharia'a supervisory board

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

18 Segmental information

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

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

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18 Segmental information (continued)

The following table presents segment information for the nine-month period ended 30 September 2023 and 2022.

	Nine-month period ended 30 September 2023 (Unaudited)			Nine-month period ended 30 September 2022 (Unaudited) (Restated)		
	Investments AED	Other AED	Total AED	Investments AED	Other AED	Total AED
Takaful - discontinued operations						
Takaful income	-	69,610,146	69,610,146	-	102,621,377	102,621,377
Takaful expenses	-	(40,918,895)	(40,918,895)	-	(75,332,816)	(75,332,816)
Net takaful income	-	28,691,251	28,691,251	-	27,288,561	27,288,561
Wakala fees	6,556,679	(6,556,679)	-	53,749,305	(53,749,305)	-
Mudarib fees	16,154	(16,154)	-	94,554	(94,554)	-
Policy acquisition cost	(11,263,448)	-	(11,263,448)	(21,941,195)	-	(21,941,195)
	(4,690,615)	22,118,418	17,427,803	31,902,664	(26,555,298)	5,347,366
Investment income	2,354,354	64,614	2,418,968	3,837,778	378,216	4,215,994
Other operating income	1,155,068	-	1,155,068	-	-	-
General and administrative expenses	(10,005,109)	-	(10,005,109)	(20,312,548)	-	(20,312,548)
Net (loss)/profit for the period before Qard Hassan	(11,186,302)	22,183,032	10,996,730	15,427,894	(26,177,082)	(10,749,188)
Recovery/(provision) against Qard Hassan to policyholders	21,933,360	(21,933,360)	-	(21,761,034)	21,761,034	-
Net operating income of subsidiaries	-	-	-	-	-	11,169
Net profit / (loss) for the period	10,747,058	249,672	10,996,730	(6,333,140)	(4,416,048)	(10,738,019)
	Investment		Others		Total	
	30 September 2023	31 December 2022 (Restated)	30 September 2023	31 December 2022 (Restated)	30 September 2023	31 December 2022 (Restated)
	AED	AED	AED	AED	AED	AED
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	183,846,857	217,557,446	942,448,784	1,154,180,724	1,126,295,641	1,371,738,170
Segment liabilities	93,283,816	140,370,215	942,448,784	1,154,180,724	1,035,732,600	1,294,550,939

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19 Disposal groups held for sale and discontinued operations

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

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

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited)
Assets under discontinued operations	1,583,321	1,583,321
Liabilities directly associated with assets under discontinued operations	12,947,356	12,947,356

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

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited)
Cash and cash equivalents - note 9	1,008,976	1,008,976
Other receivables	574,345	574,345
Assets under discontinued operations	1,583,321	1,583,321
Trade and other payable	12,947,356	12,947,356
Liabilities associated with assets under discontinued operations	12,947,356	12,947,356
Net liabilities associated with assets under discontinued operations	(11,364,035)	(11,364,035)

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

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19 Disposal groups held for sale and discontinued operations (continued)

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

Sale of the general takaful portfolio

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

Sale of the individual life portfolio

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

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

Based on that, the takaful operations "disposable group" have been classified and accounted for as per the requirements of IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*, and accordingly, the entire takaful operations have been recorded at the lower of their carrying value or fair value less costs to sell, with reference to the sale price as per the signed agreements, considering that majority of the total assets and liabilities related to the takaful operations are carried at fair value representing investments carried at fair value, due from policyholders and cash and cash equivalents. The comparative condensed interim consolidated statement of profit or loss and other comprehensive income have been restated to show the discontinued operation separately from the continuing operations. Further, the comparative figures as presented in the consolidated financial position as at 31 December 2022 have been restated, refer to note 24 – correction of an error.

The carrying values of the disposal group are measured in accordance with IFRS 4 *"Insurance contracts"* due to the impracticability of applying IFRS 17 *"Insurance contracts"*, which is effective for annual periods starting on or after 1 January 2023 since the takaful operations are expected to be fully disposed of within a year, the Group has already received the final approval from the CBUAE on the transfer of the individual life insurance portfolio to Abu Dhabi National Takaful Company. However, Management is of the view that it would be impractical to apply the requirements of IFRS 17 due to the uncertainties related to the cash flows projection as well as the other assumptions, including the contract boundaries and risk adjustments, as required for IFRS 17.

Further, management concluded that compliance with the requirements of IFRS 17 would be so misleading that it would conflict with the objective of the condensed interim consolidated financial information set out in the Conceptual Framework. Nevertheless, shall IFRS 17 has been applied, the Group would be eligible to use the Premium Allocation Approach (PAA) as all Takaful policies are expected to be disposed of in less than a year. The PAA is a simplified approach that is broadly similar to the Group's current accounting treatment under IFRS 4. Accordingly, management concluded that the impact of applying IFRS 17 will not result in a significant difference as the entire takaful operations will be transferred in the near term and due to the decreasing number of Takaful policies issued during the period, taking into consideration that the majority of the takaful business written during the period represents fronting business. Furthermore, the Group requested an exemption from IFRS 17 from the Regulator, who requested a non-Objection letter from the buyer on the application of IFRS 17 to the transferred portfolio. The NOC was provided to the Regulator on 28 April 2023.

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19 Disposal groups held for sale and discontinued operations (continued)

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

	30 September 2023 (Unaudited) Policyholder	(Restated) 31 December 2022 (Unaudited) Policyholder
Condensed interim consolidated statement of financial position		
ASSETS		
Cash and cash equivalents	19,450,081	56,659,604
Unearned contribution reserves	23,202,339	32,746,791
Claims reported unsettled	70,686,879	76,039,891
Mathematical reserve	3,465,511	3,914,042
Claims incurred but not reported	22,789,929	30,915,329
Takaful receivables	26,852,426	63,492,354
Financial assets carried at fair value through profit or loss (FVTPL)	704,986,994	782,310,168
Investment property	9,352,306	9,352,306
Due from shareholders'	61,662,319	98,750,239
TOTAL ASSETS	942,448,784	1,154,180,724
LIABILITIES AND POLICYHOLDERS' FUND		
LIABILITIES		
Trade and other payables	16,255,239	22,945,613
Takaful payables	57,458,454	83,640,006
<u>Takaful contract liabilities:</u>		
Unearned contribution reserve	29,313,272	96,363,273
Claims reported unsettled	73,889,684	95,298,668
Mathematical reserve	6,217,316	5,220,233
Claims incurred but not reported	47,383,562	52,142,087
Unallocated loss adjustment expenses	798,260	3,521,639
Unit linked liabilities	704,948,950	782,291,146
Deferred discount	2,056,481	5,050,033
Amounts held under retakaful treaties	3,368,666	7,198,798
POLICYHOLDERS' FUND		
Deficit in Policyholders' fund	(23,747,654)	(45,681,014)
Qard Hassan from Shareholders	23,747,654	45,681,014
Investments revaluation reserve – FVOCI	(2,280,365)	(2,280,365)
Retakaful placement provision	3,039,265	2,789,593
TOTAL LIABILITIES AND POLICYHOLDERS' FUND	942,448,784	1,154,180,724

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19 Disposal groups held for sale and discontinued operations (continued)

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

Condensed interim consolidated statement of profit or loss	Nine-month period ended 30 September 2023 (Unaudited)			Nine-month period ended 30 September 2022 (Unaudited)		
	TOTAL AED	NON-LIFE AED	LIFE AED	TOTAL AED	NON-LIFE AED	LIFE AED
Attributable to policyholders						
Takaful income						
Gross takaful contributions	54,920,077	51,229,565	3,690,512	198,585,151	164,242,435	34,342,716
Retakaful share of gross takaful contributions	(49,934,331)	(47,101,210)	(2,833,121)	(103,150,424)	(74,609,165)	(28,541,259)
Net takaful contributions	4,985,746	4,128,355	857,391	95,434,727	89,633,270	5,801,457
Net transfer to unearned contributions reserve	57,505,549	54,489,903	3,015,646	(5,965,799)	(5,284,173)	(681,626)
Net change in mathematical reserve	(1,445,614)	-	(1,445,614)	(44,530)	-	(44,530)
Net takaful contributions earned	61,045,681	58,618,258	2,427,423	89,424,398	84,349,097	5,075,301
Discount received on ceded retakaful	7,502,476	6,336,820	1,165,656	12,618,667	10,595,708	2,022,959
Policy fees	1,061,989	305,391	756,598	578,312	576,599	1,713
Net takaful income	69,610,146	65,260,469	4,349,677	102,621,377	95,521,404	7,099,973
Takaful expenses						
Gross claims settled	(77,426,890)	(65,878,634)	(11,548,256)	(104,034,999)	(89,243,291)	(14,791,708)
Retakaful share of gross claims settled	21,095,520	11,530,445	9,565,075	31,099,138	18,265,272	12,833,866
Net takaful claims	(56,331,370)	(54,348,189)	(1,983,181)	(72,935,861)	(70,978,019)	(1,957,842)
Change in provision for claims reported unsettled	21,408,984	21,630,422	(221,438)	(15,200,102)	(13,390,581)	(1,809,521)
Change in retakaful share of claims reported unsettled	(5,353,012)	(5,404,729)	51,717	15,542,775	14,058,593	1,484,182
Change in incurred but not reported claims	(3,366,875)	(3,399,497)	32,622	(2,759,609)	(2,655,298)	(104,311)
Change in unallocated loss adjustment expenses reserve	2,723,378	2,673,343	50,035	19,981	41,500	(21,519)
Net claims incurred	(40,918,895)	(38,848,650)	(2,070,245)	(75,332,816)	(72,923,805)	(2,409,011)
Net takaful income	28,691,251	26,411,819	2,279,432	27,288,561	22,597,599	4,690,962
Wakala fees	(6,556,679)	(4,582,212)	(1,974,467)	(53,749,305)	(42,419,580)	(11,329,725)
Investment income	64,614	64,614	-	378,216	378,216	-
Mudarib's share	(16,154)	(16,154)	-	(94,554)	(94,554)	-
Net profit from takaful operation for the period	22,183,032	21,878,067	304,965	(26,177,082)	(19,538,319)	(6,638,763)
(Provision)/recovery against Qard Hassan to policyholders	(21,933,360)	(21,642,562)	(290,798)	21,761,034	14,979,564	6,781,470
Net surplus/(deficit) from takaful operation for the period	249,672	235,505	14,167	(4,416,048)	(4,558,755)	142,707

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20 Surplus/(deficit) in takaful operations' fund

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Unaudited)	30 September 2022 AED (Unaudited)
<u>Surplus/(deficit) in takaful operations' fund</u>			
Beginning of the period/year	(45,681,014)	(10,172,557)	(10,172,557)
Surplus/(deficit) for the period/year attributable to takaful operations	22,183,032	(34,825,587)	(26,177,082)
Transfer to retakaful placement provision during the period/year	(249,672)	(682,870)	(515,755)
End of the period/year	(23,747,654)	(45,681,014)	(36,865,394)
<u>Qard Hassan against (surplus)/deficit in takaful operations' fund</u>			
Beginning of the period/year	45,681,014	15,104,360	15,104,360
Qard Hassan against (surplus)/ deficit in takaful operations' fund (note 19.2)	(21,933,360)	30,576,654	21,761,034
End of the period/year	23,747,654	45,681,014	36,865,394
Surplus in takaful operations' fund (NET)	-	-	-

21 Capital management

(i) Governance framework

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

The Group's risk management function is carried out by the Board of Directors, with its associated committees. This is supplemented with a clear organisational structure with delegated authorities and responsibilities from the Board of Directors to the Chief Executive Officer and other senior managers. The Group is currently in the process of updating the risk management function to address the changes in the Group's operations with regards to the sale of the entire takaful portfolio.

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

(ii) Capital management framework

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

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

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21 Capital management (continued)

(iii) Regulatory framework

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

As per Article (8) of Section 2 of the Financial Regulations, the Group is required, at all times, to comply with the requirements of Solvency Margin. The solvency position of the Group as of 30 June 2023 and 31 December 2022 is presented below. The Group has presented the solvency position as of 30 June 2023 which is the latest available solvency position as of the date of approval of this condensed interim consolidated financial information.

	30 June 2023 AED'000	31 December 2022 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	35,696	40,235
Minimum Guarantee Fund (MGF)	28,939	51,047
Total Basic Own Funds	(80,279)	(39,767)
MCR Solvency Margin - Surplus / (Deficit)	(180,279)	(139,767)
SCR Solvency Margin - Surplus / (Deficit)	(115,975)	(80,003)
MGF Solvency Margin - Surplus / (Deficit)	(109,218)	(90,814)

To address the solvency deficit, the Group's management initially submitted a recovery plan to the Central Bank of United Arab Emirates ("CBUAE") which involved a substantial capital injection by means of a rights issue; however, the plan was subsequently changed, because it was envisaged that shareholders are unlikely to support a capital injection in the prevailing economic and financial circumstances. The new plan, which is subject to the regulatory approval, envisages selling the portfolios of the takaful business to other takaful companies and, aided partly by the proceeds resulting the sale of the takaful portfolios and partly by other assets, generating enough capital to transform the company into a viable investment firm to safeguard and preserve shareholders' value. The Group has informed the CBUAE of its revised plans and received (in-principle/ no-objection letter) approval to proceed with the above sale negotiations, in addition on 24 May 2023, the Group has received the preliminary approval from the CBUAE on the sale transaction, and on 20 July 2023, the Group has received the final approval from the CBUAE on the transfer of the individual life insurance portfolio to Abu Dhabi National Takaful Company.

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

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22 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 September 2023	31 December 2022				
	AED'000 (Unaudited)	AED'000 (Unaudited)				
Financial assets at FVOCI						
Quoted equity securities	<u>30,546</u>	<u>27,828</u>	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity securities	<u>3,325</u>	<u>3,557</u>	Level 3	Net assets valuation method and comparable multiples approach	Net assets value	Higher the net assets value of the investees, higher the fair value
Financial assets at FVTPL						
Quoted equity securities	<u>32,792</u>	<u>82</u>	Level 1	Quoted bid prices in an active market	None	Not applicable

There were no transfers between each of the levels during the period/year ended 30 September 2023 and 31 December 2022.

There were no changes in the valuation techniques and key inputs during the period/year ended 30 September 2023 and 31 December 2022.

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22 Fair value of financial instruments (continued)

Reconciliation of level 3 fair value measurement of financial assets measured at FVOCI:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Unaudited)
At beginning of period/year	3,557	34,313
Selling	(232)	(30,756)
At end of period/year	3,325	3,557

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

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Unaudited)
<i>Unit linked investments</i>		
At beginning of period/year	782,291	863,256
Net change during the period/year (change in fair value and net investment/withdrawal)	(77,342)	(80,965)
At end of period/year	704,949	782,291
<i>Unquoted equity securities</i>		
At beginning of period/year	-	41,230
Selling during the period/ year	-	(41,230)
At end of period/year	-	-

The investments classified under Level 3 category have been fair valued based on information available for each investment. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

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

23 Significant events

The Group also had other assets held by an entity controlled by the former CEO on behalf of the Group which have since been disposed of without the Group's approval. The total value of these assets on the date of purchase was approximately AED 11.3 million (2022: AED 11.3 million). The Group has initiated legal proceedings in regard to the recovery of the said amount. Moreover, the group has taken all the executive legal procedures concerning the recovery of the claim. These assets have been fully provided for in the condensed interim consolidated financial information as of 30 September 2023 and 31 December 2022 and recognition of the contingent asset will only be made once the success of the legal action is certain.

Notes to the condensed interim consolidated financial information (continued)
For the nine-month period ended 30 September 2023

24 Correction of an error

During the current period, Management has identified that assets and liabilities related to takaful operations as presented in the annual consolidated financial statements of the Group for the year ended 31 December 2022 should have been classified as discontinued operations within the requirements of IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*, since the sale agreements, as stated in note 19, were signed during 2022. Further, during the AGM meeting held on 6 February 2023, the Shareholders issued a special resolution approving the board of directors' decision to exit and sell the takaful portfolio to SALAMA and ADNT and authorizing the Group's board of directors to complete all procedures with authorities and policyholders to exit the takaful business and transform the Group's activities into an investment Group, the decision was approved before the issuance of the annual consolidated financial statements.

In accordance with the requirements of IAS 1 *"Presentation of Financial Statements"* and IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"*, the prior period error has been corrected retrospectively by restating the relevant comparative balances in the condensed interim consolidated financial information. The error doesn't have any effect on the total assets, revenues, or net profit of the Group for the year ended 31 December 2022. However, certain reserves related to the takaful operations amounting to AED 509,228 has been reclassified from Policyholder's fund to current liabilities, which are expected to be transferred with the entire takaful operations.

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

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24 Correction of an error (continued)

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

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Notes to the condensed interim consolidated financial information (continued)
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24 Correction of an error (continued)

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

	Nine-month period ended 30 September 2022 (Unaudited) AED
Condensed interim consolidated statement of profit or loss	
Attributable to policyholders	
Takaful income	
Gross takaful contributions	198,585,151
Retakaful share of gross takaful contributions	(103,150,424)
Net takaful contributions	95,434,727
Net transfer to unearned contributions reserve	(5,965,799)
Net change in mathematical reserve	(44,530)
Net takaful contributions earned	89,424,398
Discount received on ceded retakaful	12,618,667
Policy fees	578,312
Net takaful income	102,621,377
Takaful expenses	
Gross claims settled	(104,034,999)
Retakaful share of gross claims settled	31,099,138
Net takaful claims	(72,935,861)
Change in provision for claims reported unsettled	(15,200,102)
Change in retakaful share of claims reported unsettled	15,542,775
Change in incurred but not reported claims	(2,759,609)
Change in unallocated loss adjustment expenses reserve	19,981
Net claims incurred	(75,332,816)
Net takaful income	27,288,561
Wakala fees	(53,749,305)
Investment income	378,216
Mudarib's share	(94,554)
Provision against Qard Hassan to policyholders	21,761,034
Net deficit from takaful operation for the period	(4,416,048)

25 Approval of condensed interim consolidated financial information

The condensed interim consolidated financial information was approved and authorised for issue by the Board of Directors on 14 November 2023.