Orient Takaful P.J.S.C.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2024

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ORIENT TAKAFUL P.J.S.C.

Introduction

We have reviewed the accompanying interim condensed financial statements of Orient Takaful P.J.S.C. (the "Company") as at 30 September 2024, which comprise the interim statement of financial position as at 30 September 2024, and the related interim statements of comprehensive income for the three and nine months period then ended, statements of changes in equity and cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects in accordance with IAS 34.

For Ernst & Young



Thodla Hari Gopal
Registration No: 689

1 November 2024

Dubai, United Arab Emirates

Orient Takaful P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2024 (Unaudited)

	Notes	*30 September 2024 (Unaudited) AED*	*31 December 2023 (Audited) AED*
TAKAFUL OPERATIONS' ASSETS			
Cash and cash equivalents	5	**145,760,917**	45,361,883
Wakala deposits	8	**199,000,000**	199,000,000
Receivable from shareholder	6	-	1,802,191
Other receivables and prepayments	7	**9,288,160**	162,361
Takaful contract assets	14	**2,590,873**	36,474,481
Retakaful contract assets	14	**768,820,388**	465,632,602
Total takaful operations' assets		**1,125,460,338**	748,433,518
SHAREHOLDER'S ASSETS			
Cash and cash equivalents	5	**1,450,704**	2,546,521
Wakala deposits	8	**297,475,000**	297,475,000
Statutory deposit	8	**6,000,000**	6,000,000
Other receivables and prepayments	7	**32,857,046**	16,335,139
Receivable from related party		**477,923**	376,431
Fixed assets		**5,455,428**	2,236,310
Intangible assets		**422,439**	585,957
Receivable from policyholder	6	**39,846,624**	-
Total shareholders' assets		**383,985,164**	325,555,358
TOTAL ASSETS		**1,509,445,502**	1,073,988,876
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
TAKAFUL OPERATIONS' LIABILITIES			
Retakaful contract liabilities	14	**26,117,413**	64,036,344
Takaful contract liabilities	14	**1,059,496,301**	684,397,174
Payable to shareholder	6	**39,846,624**	-
Total takaful operations' liabilities		**1,125,460,338**	748,433,518
TAKAFUL OPERATIONS' DEFICIT			
Deficit in policyholders' fund	10	**(509,274,950)**	(369,675,365)
Provision against Qard Hassan	10	**509,274,950**	369,675,365
Total takaful operations' liabilities and deficit		**1,125,460,338**	748,433,518
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Other payables	9	**39,950,706**	28,883,890
Income tax payable	15	**3,937,794**	-
Related parties payable		**13,375,908**	8,461,910
Employees end of service benefits		**2,536,820**	2,402,931
Payable to policyholder	6	-	1,802,191
Total shareholders' liabilities		**59,801,228**	41,550,922

The attached notes 1 to 16 form part of these interim condensed financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION (continued)
As at 30 September 2024 (Unaudited)

	Notes	*30 September 2024 (Unaudited) AED*	*31 December 2023 (Audited) AED*
SHAREHOLDERS' EQUITY			
Share capital	11	**200,000,000**	200,000,000
Share premium	11	**1,198,390**	1,198,390
Statutory reserve	12	**10,290,275**	10,290,275
Retakaful risk reserve	12	**10,374,607**	7,429,261
Retained earnings		**102,320,664**	65,086,510
Total shareholders' equity		**324,183,936**	284,004,436
Total shareholders' liabilities and equity		**383,985,164**	325,555,358
TOTAL TAKAFUL OPERATIONS' LIABILITIES, DEFICIT SHAREHOLDERS' LIABILITIES AND EQUITY		**1,509,445,502**	1,073,988,876

The financial statements were approved and authorised for issue by Board of Directors on 01 November 2024 and signed on their behalf by

Chairman | Chief Executive Officer | Head-Finance

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2024 (Unaudited)

	Notes	*Three months period ended 30 September*		*Nine months period ended 30 September*	
		2024 (Unaudited) AED	*2023 (Unaudited) AED*	***2024 (Unaudited) AED***	*2023 (Unaudited) AED*
Takaful contract revenue	14	**233,265,481**	175,119,362	**618,351,254**	464,046,977
Takaful service expenses (excluding commission)	14	**3,054,584**	(124,795,278)	**(627,609,490)**	(303,965,624)
Net (expenses)/ income from retakaful contracts held	14	**(182,886,615)**	(6,490,147)	**144,846,726**	(45,323,589)
Takaful service result		**53,433,450**	43,833,937	**135,588,490**	114,757,764
Finance expenses from takaful contracts issued	14	**(3,672,217)**	(10,147,121)	**(10,740,569)**	(15,004,135)
Finance income from retakaful contracts held	14	**3,160,644**	8,962,426	**9,230,942**	13,150,386
Net takaful finance expenses		**(511,573)**	(1,184,695)	**(1,509,627)**	(1,853,749)
Wakala fees		**(117,999,138)**	(61,688,590)	**(280,077,405)**	(187,624,269)
Investment income		**3,493,230**	1,533,333	**9,844,549**	4,550,000
Mudareb fee expense		**(1,222,630)**	(536,667)	**(3,445,592)**	(1,592,500)
Net takaful and investment result from takaful operation		**(62,806,661)**	(18,042,682)	**(139,599,585)**	(71,762,754)
Wakala fees income from policyholders		**117,999,138**	61,688,590	**280,077,405**	187,624,269
Income from deposits		**4,612,255**	3,975,294	**13,741,579**	11,756,879
Mudareb income from policyholders		**1,222,630**	536,667	**3,445,592**	1,592,500
Other operating expenses		**(458,807)**	(231,517)	**(919,862)**	(1,248,992)
Takaful service expenses	14	**(42,853,128)**	(35,753,793)	**(112,056,390)**	(94,859,694)
Net credit impairment losses on deposits		**(266,466)**	(195,158)	**(571,445)**	(502,852)
Profit for the period before Qard Hassan		**80,255,622**	30,020,083	**183,716,879**	104,362,110
Provision against Qard Hassan to policyholders' fund	10	**(62,806,661)**	(18,042,682)	**(139,599,585)**	(71,762,754)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS'		**17,448,961**	11,977,401	**44,117,294**	32,599,356
Income tax expense	15	**(1,571,091)**	-	**(3,937,794)**	-
Profit for the period after tax		**15,877,870**	11,977,401	**40,179,500**	32,599,356
Other comprehensive income		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**15,877,870**	11,977,401	40,179,500	32,599,356
Earnings per share (AED)	13	**7.94**	5.99	**20.09**	16.30

The attached notes 1 to 16 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2024 (Unaudited)

	Share capital AED	*Share premium AED*	*Statutory reserve AED*	*Retakaful risk reserve AED*	*Retained earnings AED*	*Total AED*
As at 31 December 2022	200,000,000	1,198,390	5,278,156	5,003,707	22,402,995	233,883,248
Profit for the period	-	-	-	-	32,599,356	32,599,356
Transfer to retakaful risk reserves	-	-	-	1,856,470	(1,856,470)	-
As at 30 September 2023	200,000,000	1,198,390	5,278,156	6,860,177	53,145,881	266,482,604
As at 1 January 2024	200,000,000	1,198,390	10,290,275	7,429,261	65,086,510	284,004,436
Profit for the period	-	-	-	-	40,179,500	40,179,500
Transfer to retakaful risk reserves (note 12)	-	-	-	2,945,346	(2,945,346)	-
As at 30 September 2024	**200,000,000**	**1,198,390**	**10,290,275**	**10,374,607**	**102,320,664**	**324,183,936**

The accompanying notes 1 to 16 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 September 2024 (Unaudited)

	30 September 2024 AED (Unaudited)	*30 September 2023 AED (Unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before tax	**44,117,294**	32,599,356
Adjustment for:		
Depreciation of property and equipment	**1,171,749**	1,110,702
Amortisation of intangible assets	**163,518**	97,694
Provision for employees' end of service benefits	**493,565**	487,683
Impairment credit loss	**571,445**	502,852
Finance costs on lease liabilities	**155,123**	33,631
Operating cash flows before movements in working capital	**46,672,694**	34,831,918
Change in:		
Retakaful contract assets	**(303,187,787)**	(60,598,496)
Takaful contract assets	**33,883,608**	23,215,892
Other receivables and prepayments	**(26,219,151)**	(30,655,499)
Takaful contract liabilities	**375,099,127**	86,033,977
Retakaful contract liabilities	**(37,918,931)**	(38,788,622)
Due from related parties (relating to shareholders)	**(101,492)**	1,065,770
Due to related parties (relating to shareholders)	**4,913,998**	(3,101,070)
Accruals, provisions and other payables	**7,407,875**	22,484,118
Net cash generated from operations	**100,549,941**	34,487,988
Employees' end of service benefits paid	**(359,676)**	(134,920)
Net cash generated from operating activities	**100,190,265**	34,353,068
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(49,495)**	(49,898)
Deposit with an Islamic bank	**-**	(15,000,000)
Net cash used in investing activities	**(49,495)**	(15,049,898)
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of lease liabilities	**(837,553)**	(958,986)
Net cash used in financing activity	**(837,553)**	(958,986)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**99,303,217**	18,344,184
Cash and cash equivalents at 1 January	**47,908,404**	73,107,099
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER (NOTE 5)	**147,211,621**	91,451,283

The attached notes 1 to 16 form part of these interim condensed financial statements.

1 LEGAL STATUS AND ACTIVITIES

Orient Takaful P.J.S.C (the "Company") is a public joint stock company registered under UAE Federal Law No. (32) of 2021 relating to the incorporation of commercial companies in the UAE. The Company is subject to the regulations of the UAE Federal Decree Law No. 48 of 2023 regarding the Regulation of Insurance Activities and is registered in the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") (formerly, the UAE Insurance Authority ("IA")) under registration number 92.

On 2 October 2023, the UAE Federal Decree Law No. 48 of 2023 regarding the regulation of Insurance activities was issued and came into effect on 30 November 2023 which repealed the UAE Federal Law No. 6 of 2007. The Companies must within a period not exceeding (6) six months from the date of the enforcement of its provisions from 30 November 2023 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No 48 of 2023. The Company complies with the requirement of the New Insurance Law. The General Assembly of the shareholders held on 29 April 2024 has approved amendments to its Articles of Association in order to align with the new provisions and requirements.

The principal activity of the Company is issuance of short term takaful contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. The Company also invests its funds in wakala deposits.

The Company has not purchased any shares during the period ended 30 September 2024.

During 2021, Orient Insurance P.J.S.C., a public joint stock company incorporated in Dubai, United Arab Emirates acquired shares of the Company from Abu Dhabi Commercial Bank PJSC and Al Wifaq Finance Company to become the parent company and have taken control over the Company. The ultimate parent company is Al Futtaim Private Co. which is based in Dubai, United Arab Emirates.

During the year 2022, the Parent Company Orient Insurance P.J.S.C has further acquired shareholdings of Orient Takaful P.J.S.C and has increased their equity interest from 83.91% to 95.78%.

As at reporting dates, the shareholding patterns are as follows:

	30 September 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Orient Insurance P.J.S.C.	**95.78%**	95.78%
Others	**4.22%**	4.22%
	100.00%	100.00%

2 BASIS OF PREPARATION

a) Statement of compliance

These interim condensed financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting", and comply with applicable requirements of the Federal Law No. (6) of 2007 concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations, the UAE Federal Law No. (32) of 2021 concerning the Commercial Companies, Insurance Authority Board Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies and Insurance Authority's Board of Directors Decision No. (23) of 2019 concerning Instructions Organizing Reinsurance Operations. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, results for the nine months period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

2 BASIS OF PREPARATION (continued)

b) Basis of measurement

This interim condensed financial information have been prepared on the historical cost basis.

c) Functional and presentation currency

These interim condensed financial information are presented in UAE Dirhams (AED), which is the Company's functional currency. Except as otherwise indicated, financial information is presented in AED and presented in order of liquidity.

d) Use of estimates and judgments

In preparing the interim condensed financial information, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2023.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024 and policy towards accounting of taxation. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company.

3.1. New standards, interpretations and amendments adopted by the Company

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

3.2. Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

4 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 December 2023 and 30 September 2024, all financial assets and liabilities are stated at amortised cost and are classified as Level 3 within the fair value hierarchy.

As at 30 September 2024 (Unaudited)

Financial Assets	***Notes***	***Amortised cost AED***
Cash and cash equivalents	5	**147,211,621**
Wakala and statutory deposit	8	**502,475,000**
Other receivables and prepayments	7	**42,145,206**
Related parties receivables		**477,923**
Receivable from policyholders	6	**39,846,624**

Financial Liabilities		***Amortised cost AED***
Other payables	9	**39,950,706**
Income tax payable	15	**3,937,794**
Related parties payables		**13,375,908**
Employees' end of service benefits		**2,536,820**
Payable to shareholders		**39,846,624**

4 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As at December 2023 (Audited)

Financial Assets		*Amortised cost* *AED*
Cash and cash equivalents	5	47,908,404
Wakala and statutory deposit	8	502,475,000
Other receivables and prepayments	7	16,497,500
Related parties receivables		376,431
Receivable from shareholders	6	1,802,191

As at December 2023 (Audited)

Financial Liabilities	*Notes*	*Amortised cost* *AED*
Other payables	9	28,883,890
Related parties payables		8,461,910
Employees' end of service benefits		2,402,931
Payable to policyholders - takaful operations	7	1,802,191

5 CASH AND CASH EQUIVALENTS

	30 September 2024 (Unaudited)		
	Takaful operations AED	***Shareholders' operations AED***	***Total AED***
Cash in hand	**-**	**5,951**	**5,951**
Current accounts with banks and Islamic Financial institutions	**145,760,917**	**1,444,753**	**147,205,670**
	145,760,917	**1,450,704**	**147,211,621**

	31 December 2023 (Audited)		
	Takaful operations AED	*Shareholders' operations AED*	*Total AED*
Cash in hand	-	8,000	8,000
Current accounts with banks and Islamic financial institutions	45,361,883	2,538,521	47,900,404
	45,361,883	2,546,521	47,908,404

6 RECEIVABLES / (PAYABLE) FROM SHAREHOLDERS AND (RECEIVABLE) / PAYABLE TO POLICYHOLDERS - TAKAFUL OPERATIONS

	Notes	*30 September 2024 AED (Unaudited)*	*31 December 2023 AED (Audited)*
As at 1 January		**1,802,191**	31,413,339
Wakala fees for the period / year	6.1	**(280,077,405)**	(245,804,687)
Other movement in account during the period / year		**238,428,590**	216,193,539
		(39,846,624)	1,802,191

6.1 For all takaful policies, Wakala fees were charged at 35% (31 December 2023: 35%) of gross takaful contributions. Wakala fees are approved by the Sharia'ah Supervisory Board and are charged to the interim statement of profit or loss and comprehensive income when incurred.

7 OTHER RECEIVABLES AND PREPAYMENTS

	30 September 2024 (Unaudited)		
	Takaful operations AED	***Shareholders' operations AED***	***Total AED***
Accrued profit on wakala deposits	**9,288,160**	**14,003,441**	**23,291,601**
Prepayments Financial institutions	-	**1,265,882**	**1,265,882**
Other receivables	-	**17,587,723**	**17,587,723**
	9,288,160	**32,857,046**	**42,145,206**

	31 December 2023 (Audited)		
	Takaful operations AED	*Shareholders' operations AED*	*Total AED*
Accrued profit on wakala deposits	162,361	269,915	432,276
Prepayments Financial institutions	-	620,838	620,838
Other receivables	-	15,444,386	15,444,386
	162,361	16,335,139	16,497,500

Other receivables includes VAT input to be recovered by the Company from commissions paid to brokers.

8 WAKALA AND STATUTORY DEPOSIT

Wakala deposit
This consists of term wakala deposits with Islamic Banks / Islamic Division of a Commercial Bank in United Arab Emirates, at profit rates from 5.80% to 5.95% per annum (31 December 2023: from 5.8% to 5.95% per annum) amounting to Gross AED 499 million which will mature in December 2024.

8 WAKALA AND STATUTORY DEPOSIT (continued)

Statutory deposit
This consists of a wakala deposit with the Islamic Division of a commercial bank in the United Arab Emirates, under lien in favour of the Insurance Supervision Central Bank of the UAE, at profit rate of 5.80% per annum (31 December 2023: 5.80% per annum) amounting to Gross AED 6 million which matures in December 2024.

	30 September 2024 (Unaudited)		
	Takaful operations AED	***Shareholders' operations AED***	***Total AED***
Wakala deposits	**200,000,000**	**299,000,000**	**499,000,000**
Expected credit losses	**(1,000,000)**	**(1,525,000)**	**(2,525,000)**
Total wakala deposits	**199,000,000**	**297,475,000**	**496,475,000**
Statutory deposits	**-**	**6,000,000**	**6,000,000**
Total deposits	**199,000,000**	**303,475,000**	**502,475,000**

	As on 31 December 2023 (Audited)		
	Takaful operations AED	*Shareholders' operations AED*	*Total AED*
Wakala deposits	200,000,000	299,000,000	499,000,000
Expected credit losses	(1,000,000)	(1,525,000)	(2,525,000)
Total wakala deposits	199,000,000	297,475,000	496,475,000
Statutory deposits	-	6,000,000	6,000,000
Total deposits	199,000,000	303,475,000	502,475,000

9 OTHER PAYABLES (RELATING TO SHAREHOLDERS' OPERATIONS)

	30 September 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Accrual and provision	**35,228,484**	27,715,610
Lease liability	**4,722,222**	1,168,280
	39,950,706	28,883,890

10 QARD HASSAN

	30 September 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Deficit in policyholders' fund		
As at 1 January	**(369,675,365)**	(243,435,894)
Deficit during the period/ year	**(139,599,585)**	(126,239,471)
	(509,274,950)	(369,675,365)

10 QARD HASSAN (continued)

	30 September 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Provision against Qard Hassan		
As at 1 January	**369,675,365**	243,435,894
Provision during the period/ year	**139,599,585**	126,239,471
	509,274,950	369,675,365

11 SHARE CAPITAL AND SHARE PREMIUM

	30 September 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Issued and paid up capital		
Issued and fully paid 2,000,000 shares of AED 100 each	**200,000,000**	200,000,000
Share premium reserve	**1,198,390**	1,198,390
	201,198,390	201,198,390

12 RESERVES

Statutory reserve
In accordance with the UAE Commercial Companies Law no. (2) of 2015 ("the Law") and the Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the Law.

Retakaful risk reserve
In accordance with Article 34 of the Insurance Authority's Board of Directors Decision No. (23) of 2019, the Company has created a retakaful risk reserve, being 0.5% of the total retakaful contribution ceded by the Company in all classes of business amounting to AED 10.3 million (31 December 2023: AED 7.4 million). The Company shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General of the Central Bank of UAE.

13 EARNINGS PER SHARE

	30 September 2024 AED (Unaudited)	*30 September 2023 AED (Unaudited)*
Profit for the period after tax	**40,179,500**	32,599,356
Weighted average number of shares outstanding during the period	**2,000,000**	2,000,000
Earnings per share (AED)	**20.09**	16.30

There is no dilution impact on basic earnings per share.

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the Company by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

14 TAKAFUL CONTRACT ASSETS AND LIABILITIES

Reconciliation of the Liability for Remaining Coverage & Liability for Incurred claims for Takaful Contracts

30 September 2024 (Unaudited)	*Liabilities for remaining coverage*		*Liability for incurred claims - PAA*		
	Excluding loss component AED	***Loss component AED***	***Estimates of the present value of future cash flow AED***	***Risk Adjustment for non-financial risk AED***	***Total AED***
Opening takaful contract assets	(36,474,481)	-	-	-	(36,474,481)
Opening takaful contract liabilities	220,584,699	1,225,859	441,391,769	21,194,847	684,397,174
Net opening position of takaful contracts at 01 January 2024	184,110,218	1,225,859	441,391,769	21,194,847	647,922,693
Takaful revenue	**(618,351,254)**	**-**	**-**	**-**	**(618,351,254)**
Takaful service expenses					
Incurred claims and expenses	-	-	729,533,765	27,018,197	756,551,962
Amortisation of acquisition cash flows	80,066,956	-	-	-	80,066,956
Changes in incurred claims release	-	-	(87,960,112)	(9,624,682)	(97,584,794)
Changes in onerous liability	-	631,756	-	-	631,756
Takaful service expenses	**80,066,956**	631,756	**641,573,653**	**17,393,515**	**739,665,880**
Takaful service result	**(538,284,298)**	**631,756**	**641,573,653**	**17,393,515**	**121,314,626**
Takaful finance expense through profit or loss	**-**	**-**	**10,728,000**	**12,569**	**10,740,569**
Total changes in the statement to comprehensive income	**(538,284,298)**	**631,756**	**652,301,653**	**17,406,084**	**132,055,195**
Cash flows					
Contributions received	711,034,901	-	-	-	711,034,901
Claims and other directly attributable expenses paid	-	-	(332,276,420)	-	(332,276,420)
Acquisition cost paid	(101,830,941)	-	-	-	(101,830,941)
Total cash flows	**609,203,960**	**-**	**(**332,276,420)	-	276,927,540
Net balance as at 30 September 2024	**255,029,880**	**1,857,615**	**761,417,002**	**38,600,931**	**1,056,905,428**
Closing takaful contract assets	**(2,590,873)**	**-**	**-**	**-**	**(2,590,873)**
Closing takaful contract liabilities	**257,620,753**	**1,857,615**	**761,417,002**	**38,600,931**	**1,059,496,301**
Net balance as at 30 September 2024	**255,029,880**	**1,857,615**	**761,417,002**	**38,600,931**	**1,056,905,428**

Takaful service expense of AED 739,665,880 consists of AED 627,609,490, pertaining to Policyholders' operations and AED 112,056,390 relating to Shareholders' operations.

The UAE experienced unfavourable weather conditions on 16 April 2024 which caused significant damages to motor vehicles and properties, both residential and commercial. Following the event, several claim intimations have been received by the Company in respect of both Motor and Non-Motor classes of takaful. The Company has been meticulously registering the claims and monitoring the process of assessment of intimated claims. Many claims have been settled to the beneficiaries while there still are claims which are under process. This process is still ongoing, and the company has been keeping a keen eye to monitor the development of the net impact of the claims from this event. Based on the claims experience so far, the Company has adequate reinsurance arrangements provided by reputed reinsurers and hence the company expects that the net impact of these claims after reinsurance recoveries will not be significant. The Company will continue to monitor these claims until all the claims are finalized in full, as appropriate.

14 TAKAFUL CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Reconciliation of the Liability for Remaining Coverage & Liability for Incurred claims for Takaful Contracts (continued)

31 December 2023 (Audited)	*Liabilities for remaining coverage*		*Liability for incurred claims - PAA*		
	Excluding loss component AED	*Loss component AED*	*Estimates of the present value of future cash flow AED*	*Risk Adjustment for non-financial risk AED*	*Total AED*
Opening takaful contract liabilities	182,080,094	-	367,078,269	15,434,533	564,592,896
Opening takaful contract assets	(24,349,600)	-	-	-	(24,349,600)
Net opening position of takaful contracts at 1 January 2023	157,730,494	-	367,078,269	15,434,533	540,243,296
Takaful revenue	(639,820,327)	-	-	-	(639,820,327)
Takaful service expenses					
Incurred claim and expenses	-	-	427,366,539	12,449,078	439,815,617
Amortization of acquisition CFs	78,875,486	-	-	-	78,875,486
Changes in incurred claims (release)	-	-	(12,812,724)	(6,693,806)	(19,506,530)
Changes in onerous liability	-	1,225,859	-	-	1,225,859
Takaful service expenses	78,875,486	1,225,859	414,553,815	5,755,272	500,410,432
Takaful service result	(560,944,841)	1,225,859	414,553,815	5,755,272	(139,409,895)
Takaful finance expense through profit or loss	-	-	8,832,174	5,042	8,837,216
Total changes to SOPL and OCI	(560,944,841)	1,225,859	423,385,989	5,760,314	(130,572,679)
Cash flows					
Contributions received	643,893,525	-	-	-	643,893,525
Claims and other directly attributable expenses paid	-	-	(349,072,489)	-	(349,072,489)
Acquisition cost paid	(56,568,960)	-	-	-	(56,568,960)
Total cash flows	587,324,565	-	(349,072,489)	-	238,252,076
Net balance as at 31 December 2023	184,110,218	1,225,859	441,391,769	21,194,847	647,922,693
Closing takaful contract liabilities	220,584,699	1,225,859	441,391,769	21,194,847	684,397,174
Closing takaful contract assets	(36,474,481)	-	-	-	(36,474,481)
Net balance as at 31 December 2023	184,110,218	1,225,859	441,391,769	21,194,847	647,922,693

Takaful service expense of AED 500,410,432 consists of AED 415,659,525 pertaining to Policyholders' operations and AED 84,750,907 relating to Shareholders' operations.

14 TAKAFUL CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Reconciliation of the Assets for Remaining Coverage & Amounts Recoverable on Incurred Claims for Retakaful Contracts (continued)

30 September 2024 (Unaudited)	*Assets for remaining coverage*		*Amounts recoverable on incurred claims*		
	Excluding loss recovery component AED	*Loss recovery component AED*	*Estimates of the present value of future cashflow AED*	*Risk Adjustment for non-financial risk AED*	*Total AED*
Opening balance of retakaful contract assets	66,131,127	652,157	381,394,344	17,454,974	465,632,602
Opening balance of retakaful contract liabilities	(64,036,344)	-	-	-	(64,036,344)
Net position of retakaful contracts as at 1 January 2024	**2,094,783**	**652,157**	**381,394,344**	**17,454,974**	**401,596,258**
Retakaful expenses	**(458,085,609)**	**(652,157)**	**-**	**-**	**(458,737,766)**
Recovery of incurred claims and and expenses	-	-	579,361,290	24,401,313	603,762,603
Amortisation of insurance acquisition cash flows	65,273,855	-	-	-	65,273,855
Changes in incurred claims contracts held (increase)	-	-	(58,636,948)	(7,890,768)	(66,527,716)
Claims recovered (loss recovery)	-	1,075,750	-	-	1,075,750
Net (expenses) / income from retakaful contracts held	**(392,811,754)**	**423,593**	**520,724,342**	**16,510,545**	**144,846,726**
Retakaful finance income through profit or loss	-	-	9,221,229	9,713	9,230,942
Total changes in the statement to comprehensive income	**(392,811,754)**	**423,593**	**529,945,571**	**16,520,258**	**154,077,668**
Cash flows					
Contributions paid	509,829,563	-	-	-	509,829,563
Claims received	-	-	(225,551,051)	-	(225,551,051)
Acquisition cost received (ceding commission)	(97,249,463)	-	-	-	(97,249,463)
Total cash flows	**412,580,100**	**-**	**(225,551,051)**	**-**	**187,029,049**
Net balance as at 30 September 2024	**21,863,129**	**1,075,750**	**685,788,864**	**33,975,232**	**742,702,975**
Closing retakaful contract assets	**47,980,542**	**1,075,750**	**685,788,864**	**33,975,232**	**768,820,388**
Closing retakaful contract liabilities	**(26,117,413)**	**-**	**-**	**-**	**(26,117,413)**
Net balance as at 30 September 2024	**21,863,129**	**1,075,750**	**685,788,864**	**33,975,232**	**742,702,975**

14 TAKAFUL CONTRACT ASSETS AND LIABILITIES (CONTINUED)

Reconciliation of the Assets for Remaining Coverage & Amounts Recoverable on Incurred Claims for Retakaful Contracts (continued)

31 December 2023 (Audited)	*Assets for remaining coverage*		*Amounts recoverable on incurred claims*		
	Excluding loss recovery component AED	*Loss recovery component AED*	*Estimates of the present value of future cash flow AED*	*Risk Adjustment for non-financial risk AED*	*Total AED*
Opening balance of retakaful contract assets	78,831,414	-	299,180,686	12,898,283	390,910,383
Opening balance of retakaful contract liabilities	(50,294,284)	-	-	-	(50,294,284)
Net position of retakaful contracts as on 1 January 2023	28,537,130	-	299,180,686	12,898,283	340,616,099
Retakaful expenses	(442,491,586)	-	-	-	(442,491,586)
Recovery of incurred claims and expenses	-	-	309,541,311	10,502,206	320,043,517
Amortisation of acquisition cash flows	68,775,925	-	-	-	68,775,925
Changes in incurred claims contract held (release)	-	-	(48,736,369)	(5,950,817)	(54,687,186)
Claims recovered (loss recovery)	-	652,157	-	-	652,157
Net (expense) / income from retakaful contracts held	(373,715,661)	652,157	260,804,942	4,551,389	(107,707,173)
Retakaful finance income through profit or loss	-	-	7,748,708	5,302	7,754,010
Total changes to SOPL	(373,715,661)	652,157	268,553,650	4,556,691	(99,953,163)
Cash flows					
Contributions paid	407,963,749	-	-	-	407,963,749
Claims received	-	-	(186,339,992)	-	(186,339,992)
Acquisition cost received (ceding commission)	(60,690,435)	-	-	-	(60,690,435)
Total cash flows	347,273,314	-	(186,339,992)	-	160,933,322
Net balance as at 31 December 2023	2,094,783	652,157	381,394,344	17,454,974	401,596,258
Closing retakaful contract assets	66,131,127	652,157	381,394,344	17,454,974	465,632,602
Closing retakaful contract liabilities	(64,036,344)	-	-	-	(64,036,344)
Net balance as at 31 December 2023	2,094,783	652,157	381,394,344	17,454,974	401,596,258

15 INCOME TAX

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim statement of profit or loss are:

	Nine-months period ended 30 September 2024 AED (Unaudited)
Current income tax expense	**3,937,794**
Deferred income tax expense	**-**
	3,937,794

Following is the reconciliation of current income tax expense and accounting profit:

	Nine-months period ended 30 September 2024 AED (Unaudited)
Profit for the period before tax	**44,117,294**
Add: Non-deductible expenses	**10,977**
Accounting profit subject to tax	**44,128,271**
Less: Basic exemption limit	**(375,000)**
Net taxable income subject to tax	**43,753,271**
Total tax expense recognized in P&L at the effective current income tax rate of 9%	**3,937,794**

16 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to comply with the insurance capital requirements required by UAE Federal Law No. (6) of 2007, concerning insurance companies and agents. In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the period. The Company is subject to local insurance solvency regulations and is currently assessing its compliance with these regulations. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

The table below summarises the consolidated Minimum Capital Requirement ("MCR"), Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet the required Solvency Margins in line with the requirements of the UAE Insurance Authority. The Company has disclosed the solvency position as at 30 June 2024, since the solvency position for current period is not yet finalised.

	30 September 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Share capital	**200,000,000**	200,000,000
Minimum regulatory capital	**100,000,000**	100,000,000

16 CAPITAL RISK MANAGEMENT (continued)

	30 June 2024 AED (Unaudited)
Solvency Requirement	
Total capital held by the Company	200,000,000
Minimum Capital Requirement (MCR)	100,000,000
Solvency Capital Requirement (SCR)	162,300,442
Minimum Guarantee Fund (MGF)	54,522,799
Own funds	
Basic own funds	241,014,769
Own funds eligible to meet MCR, SCR AND MFG	241,014,769
MCR solvency Margin - (surplus)	141,014,769
SCR solvency Margin - (surplus)	78,714,326
MGF solvency Margin - (surplus)	186,491,969