

**Islamic Arab Insurance Co. (Salama)
PJSC and its subsidiaries**

**REVIEW REPORT AND INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER
2022 (UNAUDITED)**

ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC AND ITS SUBSIDIARIES

Contents	Pages
Independent auditor's review report	1 - 2
Interim consolidated statement of financial position	3
Interim consolidated statement of profit or loss	4
Interim consolidated statement of comprehensive income	5
Interim consolidated statement of changes in equity	6 - 7
Interim consolidated statement of cash flows	8
Notes to the interim condensed consolidated financial statements	9 – 29

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Islamic Arab Insurance Co. (Salama) PSJC (the “Company”) and its subsidiaries (the “Group”), which comprise the interim consolidated statement of financial position as at 30 September 2022 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related interim statements of cash flows and changes in equity for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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.

Basis for Qualified Conclusion

The Group’s total assets include investment properties with a carrying amount of AED 141,302 thousand (2021: AED 142,055 thousand), investments which are carried at AED 494,744 thousand (2021: AED 559,066), and other assets and receivables which are carried at AED 223,943 thousand (2021: AED 256,354). The aforementioned assets include:

- Investment property with a carrying amount of AED 84,957 thousand (2021: AED 84,957 thousand) (note 6);
- Available-for-sale investments of AED 58,244 thousand (2021: AED 62,561 thousand) and held to maturity investments of AED 111,627 thousand (2021: AED 112,880 thousand) (note 8); and
- Other receivables with a carrying amount of AED 33,639 thousand (2021: AED 33,639 thousand) (note 18).

Due to the ongoing litigations between the Group and different parties, we were unable to complete our review of the aforementioned investment property, investments and other receivables because we could not determine if the judgements applied and estimates made in the determination of the fair value of these assets were appropriate and we were unable to determine if the Group legally owned these assets.

This matter is described in note 19 to the interim condensed consolidated financial statements. Had we been able to complete our review of the aforementioned investment property, investments, and other receivables, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial statements.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ISLAMIC ARAB INSURANCE CO. (SALAMA) PJSC (continued)

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial information that we might have become aware of had it not been for the matters described above, based on our review, nothing has come to our attention that causes us to believe the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Signed by:
Ashraf Abu Sharkh
Partner
Registration No: 690

14 November 2022

Dubai, United Arab Emirates

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries
 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As at 30 September 2022 (unaudited)

		30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
	<i>Notes</i>		
Assets			
Property and equipment		34,482	36,480
Goodwill and intangibles		118,236	117,772
Investment properties	6	141,302	142,055
Right of use assets		8,650	4,426
Investment in associates	7	35,180	34,447
Statutory deposits		287,284	239,649
Investments	8	494,744	559,066
Participants' investments in unit-linked contracts	8	1,943,364	2,396,075
Deposits with takaful and retakaful companies		1,773	2,387
Contributions and takaful balance receivables		325,943	213,404
Retakafuls' share of outstanding claims		224,925	262,350
Retakafuls' share of unearned contribution		165,429	135,789
Other assets and receivables	18	223,943	256,354
Restricted bank balances	17	-	258,469
Bank balances and cash	17	181,851	109,321
Total Assets		4,187,106	4,768,044
Liabilities and policyholders' fund			
Outstanding claims and family takaful reserve		507,218	574,950
Payable to participants for unit-linked contracts		1,942,217	2,394,963
Unearned contribution reserve		424,132	327,756
Short term borrowings		-	25,000
Takaful balances payable		233,327	205,662
Other payables and accruals		254,245	391,906
Lease liabilities		8,746	4,639
Total liabilities		3,369,885	3,924,876
Policyholders' fund		-	-
Total liabilities and policyholders' fund		3,369,885	3,924,876
Equity			
Share capital	10	1,210,000	1,210,000
Treasury shares	11	(35,972)	(35,972)
Statutory reserve	12	101,262	101,262
Accumulated losses		(382,728)	(371,672)
Other reserves	13	(151,626)	(136,131)
Equity attributable to Owners of the Company		740,936	767,487
Non-controlling interest		76,285	75,681
Total equity		817,221	843,168
Total Liabilities, Policyholders' Fund and Equity		4,187,106	4,768,044


 Jassim Al Seddiqi
 Chairman of the Board


 Fahim AlShehhi
 Chief Executive Office

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine month period ended 30 September 2022 (unaudited)

	<i>Nine-month period ended 30 September</i>		<i>Three-month period ended 30 September</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Underwriting income				
Gross written contributions	885,860	866,095	311,688	210,582
Less: reinsurance and retakaful contributions ceded	(272,633)	(331,536)	(117,209)	(73,081)
Net contributions	613,227	534,559	194,479	137,501
Net movement in unearned contributions	(85,301)	(54,357)	11,417	19,900
Contributions earned	527,926	480,202	205,896	157,401
Commission income on ceded reinsurance and Retakaful	28,034	31,447	9,170	9,962
	555,960	511,649	215,066	167,363
Underwriting expenses				
Gross claims paid	394,663	391,856	122,087	129,320
Less: reinsurance and retakaful share of claims Paid	(165,026)	(209,675)	(34,447)	(68,080)
Net claims paid	229,637	182,181	87,640	61,240
Net movement in outstanding claims and family takaful reserve	(13,682)	(26,725)	3,131	(7,312)
Claims incurred	215,955	155,456	90,771	53,928
Commission expense and other costs	230,517	233,693	88,416	75,904
	446,472	389,149	179,187	129,832
Net underwriting income	109,488	122,500	35,879	37,531
Income from investments	20,603	27,112	7,597	(4,793)
Other income	5,229	12,498	1,043	3,872
Total income	135,320	162,110	44,519	36,610
Expenses				
General, administrative and other expenses	(101,343)	(107,421)	(35,105)	(28,676)
Financial expenses	(1,818)	(3,081)	(725)	(906)
Net surplus before tax for the period	32,159	51,608	8,689	7,028
Taxation – current	(7,018)	(8,381)	(2,750)	(4,088)
Net surplus after tax for the period before distribution to policyholders	25,141	43,227	5,939	2,940
Distribution to policyholders of Company	-	-	-	-
Net surplus after tax and distribution to policyholders for the period	25,141	43,227	5,939	2,940
Attributable to:				
Shareholders	13,830	35,736	1,649	1,150
Non-controlling interest	11,311	7,491	4,290	1,790
	25,141	43,227	5,939	2,940
Basic and diluted earnings per share (AED) (Note 16)	0.012	0.03	0.001	0.001

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine month period ended 30 September 2022 (unaudited)

	<i>Nine-month period ended 30 September</i>		<i>Three-month period ended 30 September</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Profit after tax and distribution to policyholders for the period	25,141	43,227	5,939	2,940
Other comprehensive (loss)/income net of income tax				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement or change in foreign exchange translation reserve	(28,481)	(6,704)	2,552	(4,320)
Net changes in fair value of available for sale investments	451	135	451	-
Share of other comprehensive (loss)/income of associates	(373)	505	(242)	(546)
Total other comprehensive (loss)/income for the period	(28,403)	(6,064)	2,761	(4,866)
Total comprehensive (loss)/income for the period	(3,262)	37,163	8,700	(1,926)
Attributable to:				
Shareholders	(2,804)	29,868	6,197	(3,441)
Non-controlling interest	(458)	7,295	2,503	1,515
	(3,262)	37,163	8,700	(1,926)

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2022 (unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Revaluation reserve AED'000</i>	<i>Foreign exchange translation reserve AED'000</i>	<i>Investment fair value reserve AED'000</i>	<i>Treasury shares AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Regulatory reserve AED '000</i>	<i>Total AED'000</i>	<i>Non-controlling interest AED'000</i>	<i>Total equity AED'000</i>
Balance at 1 January 2022	1,210,000	101,262	20,753	(130,718)	(27,922)	(35,972)	(371,672)	1,756	767,487	75,681	843,168
Profit for the period	-	-	-	-	-	-	13,830	-	13,830	11,311	25,141
Other comprehensive income											
Net movement in foreign exchange translation reserve	-	-	-	(16,712)	-	-	-	-	(16,712)	(11,769)	(28,481)
Net changes in fair value of available-for-sale investments	-	-	-	-	451	-	-	-	451	-	451
Share of other comprehensive income of associates	-	-	-	-	(373)	-	-	-	(373)	-	(373)
Total other comprehensive loss	-	-	-	(16,712)	78	-	-	-	(16,634)	(11,769)	(28,403)
Total comprehensive (loss)/income for the period	-	-	-	(16,712)	78	-	13,830	-	(2,804)	(458)	(3,262)
Increase in Capital	-	-	-	-	-	-	-	-	-	1,062	1,062
Dividend Paid (note 23)	-	-	-	-	-	-	(23,747)	-	(23,747)	-	(23,747)
Transfer to regulatory reserve	-	-	-	-	-	-	(1,139)	1,139	-	-	-
Balance at 30 September 2022	1,210,000	101,262	20,753	(147,430)	(27,844)	(35,972)	(382,728)	2,895	740,936	76,285	817,221

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the nine month period ended 30 September 2022 (unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Revaluation reserve AED'000</i>	<i>Foreign exchange translation reserve AED'000</i>	<i>Investment fair value reserve AED'000</i>	<i>Treasury shares AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Regulatory reserve AED '000</i>	<i>Total AED'000</i>	<i>Non-controlling interest AED'000</i>	<i>Total equity AED'000</i>
Balance at 1 January 2021	1,210,000	97,257	20,753	(122,196)	(26,581)	(35,972)	(308,059)	132	835,334	74,332	909,666
Profit for the period	-	-	-	-	-	-	35,736	-	35,736	7,491	43,227
Other comprehensive income											
Net movement in foreign exchange translation reserve	-	-	-	(6,508)	-	-	-	-	(6,508)	(196)	(6,704)
Net changes in fair value of available-for-sale investments	-	-	-	-	135	-	-	-	135	-	135
Share of other comprehensive income of associates	-	-	-	-	505	-	-	-	505	-	505
Total other comprehensive loss	-	-	-	(6,508)	640	-	-	-	(5,868)	(196)	(6,064)
Total comprehensive (loss)/income for the period	-	-	-	(6,508)	640	-	35,736	-	29,868	7,295	37,163
Dividend Paid (note 23)							(98,036)	-	(98,036)	(778)	(98,814)
Transfer to regulatory reserve	-	-	-	-	-	-	(1,380)	1,380	-	-	-
Balance at 30 September 2021	1,210,000	97,257	20,753	(128,704)	(25,941)	(35,972)	(371,739)	1,512	767,166	80,849	848,015

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine month period ended 30 September 2022 (unaudited)

	<i>Notes</i>	<i>Nine month period ended 30 September</i>	
		<i>2022 AED'000</i>	<i>2021 AED'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		25,141	43,227
Adjustments for:			
Depreciation of property and equipment		2,161	2,218
Depreciation on right to use assets		2,359	2,711
Net movement in unearned contributions reserve		66,736	53,822
Unrealized gain on investment		529	12,614
Unrealised gain on investment properties		(4,091)	-
Amortisation of intangible assets		1,105	515
Share of profit from associates		(2,337)	(2,206)
Allowance for doubtful debt receivables		595	289
Dividend income		(109)	(834)
		<hr/>	<hr/>
Operating cash flows before changes in operating assets and liabilities		92,089	112,356
Decrease /(increase) in deposits with takaful and retakaful companies		614	(8)
Increase in contributions and takaful balance receivable		(113,134)	(36,300)
Decrease in other assets and receivables		32,411	101,746
Decrease in outstanding claims (net of retakaful)		(30,307)	(29,274)
(Decrease)/Increase in takaful payables and other payables		(109,996)	148,013
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities		(128,323)	296,533
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase)/disposal of property and equipment		(1,545)	364
(Purchase)/disposal of intangible assets		(1,569)	(801)
Investments properties - net		-	1,266
Repayment of principal and interest on lease liability		(2,443)	(2,738)
Decrease in term deposits under lien or with maturity after three months		296	2,094
Net movement in deposits		(47,635)	(23,208)
Dividend received		109	834
Increase in investments - net		41,957	56,624
Dividend income from associates		1,230	1,237
Net movement in participants' investments in unit-linked contracts		(35)	1,709
		<hr/>	<hr/>
Net cash (used in)/generated from investing activities		(9,635)	37,381
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in non-controlling interest		1,062	6,517
Short term Borrowings		(25,000)	43,750
Dividend paid		(23,747)	(98,037)
		<hr/>	<hr/>
Net cash used in financing activities		(47,685)	(47,770)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(185,643)	286,144
Cash and cash equivalents at the beginning of the period		104,440	83,821
Less: Release/(restricted) bank balances		258,469	(277,390)
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		177,266	92,575
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The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

1. GENERAL INFORMATION

Islamic Arab Insurance Co. (Salama) PJSC (“the Company”) is a public shareholding company, registered in the Emirate of Dubai, United Arab Emirates (UAE) and operates through various branches in the UAE. The registered office of the Company is P.O. Box 10214, Dubai, United Arab Emirates. The principal activity of the Company is the writing of all classes of general takaful and family takaful business, in accordance with Islamic Shari’ah principles and in accordance with the relevant Articles of the Company, UAE Federal Law No. (2) of 2015 (as amended) for commercial companies and U.A.E. Federal Law No. (6) of 2007, concerning regulations of insurance operations.

Federal Decree Law No. (24) of 2020 which amends certain provisions of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. Effective 2 January 2021, the Insurance Sector including third party administrators became under the supervision and authority of the UAE Central Bank.

The Company and its subsidiaries are referred to as “the Group”. Tariic Holding B.S.C (Tariic), a subsidiary of the Company, is an intermediate holding company in Bahrain and no commercial activities are carried out in the Kingdom of Bahrain. The Group has the following principal subsidiaries which are engaged in insurance and reinsurance under Islamic Shari’ah principles:

Subsidiaries	Group’s Ownership		Country of incorporation	Activity
	30 September 2022	31 December 2021		
<i>Directly owned</i>				
Tariic Holding Company B.S.C	99.40%	99.40%	Kingdom of Bahrain	Holding Entity only
Misr Emirates Life Takaful – (Salama) S.A.E	85%	85%	Egypt	Family takaful
Salama Immobilier	84.25%	84.25%	Senegal	Real estate
Egyptian Saudi Insurance Home	51.15%	51.15%	Egypt	General takaful
<i>Through Tariic</i>				
Salama Assurances Algeria	96.98%	96.98%	Algeria	General takaful

Merger

During the period ended 30 Sep 2022, the Company has obtained the initial approval for the intended merger between Islamic Arabic Insurance Co. (Salama) PJSC and Takaful Emarat PSC. Work is in progress to fulfil all legal and regulatory requirements including approval from Securities and Commodities authority. The merger is anticipated to be a non-cash transactions vis issuance of additional shares by Salama to Takaful Emarat shareholders to consummate the merger.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the interim condensed consolidated financial statements

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group 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 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

2.2 New and revised IFRS standards and interpretations but not yet effective

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

- IFRS 17 *Insurance Contracts*: Effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*: Effective for annual periods beginning on or after 1 January 2022. In May 2021, the IASB has issued an exposure draft deferring the effective date of the standard to 1 January 2023;
- *Definition of Accounting Estimates - Amendments to IAS 8*: effective for annual reporting periods beginning on or after 1 January 2023
- Amendments to IFRS 3: *Reference to the Conceptual Framework*: Effective for annual periods beginning on or after 1 January 2022; and
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2: Effective for annual periods beginning on or after 1 January 2023.

2.3 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forthcoming new insurance contracts standard. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional.

IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards become effective.

The Group has performed an assessment of the amendment and concluded that its activities are predominantly connected with insurance. Management has applied the temporary exemption in its reporting period starting on 1 January 2018. The Group has decided to opt for the options to defer application of IFRS 9 given in said amendments to IFRS 4 "Insurance contracts" and concluded to apply IFRS 9 with effect from 1 January 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, “*Interim Financial Reporting*” and also comply with the applicable requirements of the laws in the U.A.E.

The interim condensed consolidated financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group’s transactions are denominated and all value are rounded to the nearest thousand (AED 1000) except when otherwise indicated.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, investment properties and own properties.

The accounting policies, presentation and methods in these interim condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2021.

These interim condensed consolidated financial statements does not include all the information required for full audited annual consolidated financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as at and for the year ended 31 December 2021. In addition, results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

4. CHANGES IN JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of these interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions 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.

In preparing these interim condensed consolidated financial statements, 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 for the year ended 31 December 2021.

5. TAKAFUL AND FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of takaful and financial risks: underwriting risk, market risk (which includes foreign currency risk, profit rate risk and price risk), credit risk and liquidity risk.

The condensed interim consolidated financial information does not include all takaful and financial risk management information and disclosures required in the annual consolidated financial statements; therefore, they should be read in conjunction with the Group’s audited annual consolidated financial statements for the year ended 31 December 2021.

There have been no changes in the risk management department or in any risk management policies since the year end.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

6. INVESTMENT PROPERTIES

The geographic dispersion of investment properties is as follows.

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
Within UAE	9,000	9,000
Outside UAE	132,302	133,055
	<u>141,302</u>	<u>142,055</u>

The variations in the value of investment properties are due to revaluation of a property in Egypt and change in foreign exchange translation of investment properties held in foreign operations. The Group has an investment property in Kingdom of Saudi Arabia amounting to AED 84,957 thousand (2021: AED 84,957 thousand) which is subject to an ongoing legal case as described in note 19.

The Group investment properties portfolio is being managed and maintained by a third party; administrative costs and the rental income received from these properties are being set off with the administrative fees.

7. INVESTMENT IN ASSOCIATES

The principal significant associate of the Group which has 31 December as its year-end is as follows:

	<i>Ownership</i>	<i>Country of incorporation</i>	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
	<i>2022</i>	<i>2021</i>		
Associates				
Islamic Insurance Jordan	20%	20%	Jordan	35,180
				<u>35,180</u>
				<u>34,447</u>

Movement during the period/year:

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
Balance at 1 January	34,447	32,932
Share of profit from associates	2,337	1,960
Dividend received	(1,231)	(1,236)
Share of other comprehensive income	(373)	791
	<u>35,180</u>	<u>34,447</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

8. INVESTMENTS

	30 September 2022 (unaudited)			31 December 2021 (audited)		
	Domestic investment AED'000	Inter-national investment AED'000	Total AED'000	Domestic investment AED'000	Inter-national investment AED'000	Total AED'000
(a) Financial assets at fair value through profit or loss						
Shares and securities	-	8,847	8,847	-	59,534	59,534
(b) Available-for-sale investments						
Mutual fund and externally managed portfolios	-	63,013	63,013	-	62,561	62,561
Shares and securities	-	923	923	-	934	934
	-	63,936	63,936	-	63,495	63,495
(c) Held to maturity						
Sukuk and Government bonds	-	115,907	115,907		118,890	118,890
Wakalah certificates	54,094	-	54,094	54,094	-	54,094
Other Mudariba investments	-	89,349	89,349	-	90,291	90,291
Islamic Placements*	-	162,611	162,611	-	172,762	172,762
	54,094	367,867	421,961	54,094	381,943	436,037
	54,094	440,650	494,744	54,094	504,972	559,066

*Represent Shari'ah compliant placements with different financial institutions having profit rates of 0.22% to 5% (2021: 0.22% to 5%) and maturing in more than three months as of the reporting date.

The following investments are subject to an ongoing legal case as described in note 19.

(b) Available-for-sale investments of AED 58,244 thousand (2021: AED 62,561 thousand); and
(c) Held to maturity investments includes Mudariba investments of AED 65,738 thousand (2021: AED 65,738 thousand) and Islamic placements of AED 45,889 thousand (2021: AED 47,142 thousand).

During the period ended 30 September 2022, Group has recovered Islamic Placement of AED 1,253 thousand and received confirmation for AED 4,317 thousand, which were subject to qualification in prior periods.

8.1 Participants' investments in unit-linked contracts

	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Financial asset at fair value through profit or loss	1,943,364	2,396,075

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

8. INVESTMENTS (continued)

8.2 Determining fair values of the investments

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 September 2022 (Unaudited)

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Financial assets				
Fair value through profit or loss				
Participants' investments in unit-linked contracts	-	1,943,364	-	1,943,364
Shares and securities	8,847	-	-	8,847
	<u>8,847</u>	<u>1,943,364</u>	<u>-</u>	<u>1,952,211</u>
Available-for-sale				
Mutual fund	-	63,013	-	63,013
Shares and securities	387	536	-	923
	<u>387</u>	<u>63,549</u>	<u>-</u>	<u>63,936</u>
Non-financial assets				
Investment properties	-	-	141,302	141,302
Financial liabilities				
Payable to participants for unit-linked contracts	-	1,942,217	-	1,942,217
31 December 2021 (audited)				
	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Financial assets				
Fair value through profit or loss				
Participants' investments in unit-linked contracts	-	2,396,075	-	2,396,075
Shares and securities	59,534	-	-	59,534
	<u>59,534</u>	<u>2,396,075</u>	<u>-</u>	<u>2,455,609</u>
Available-for-sale				
Mutual fund	-	62,561	-	62,561
Shares and securities	392	542	-	934
	<u>392</u>	<u>63,103</u>	<u>-</u>	<u>63,495</u>
Non-financial assets				
Investment properties	-	-	142,055	142,055
Financial liabilities				
Payable to participants for unit-linked contracts	-	2,394,963	-	2,394,963

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

9. RELATED PARTY TRANSACTIONS

The Group, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 (Revised). The Group's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. Following are the details of significant transactions with related parties.

	<i>Nine-month period ended 30 September</i>		<i>Three-month period ended 30 September</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Contribution earned	65	1,879	-	-
Claims paid	47	8,200	-	6
Compensation of key management personnel				
Short term benefits	4,535	4,582	1,917	1,697
Employees end of service benefits	135	65	41	(215)
	4,670	4,647	1,958	1,482
Directors' remuneration				
Directors' remuneration	-	14,200	-	14,200

The Directors' remuneration pertain to the year 2021 has not yet been finalised because this is subject to fulfilment of CBUAE requirements.

Balances with related parties

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
Cash and bank balances	301	301
Investments held-to-maturity Wakalah certificates	54,094	54,094
Participants' investments in unit-linked contracts	316,490	369,494
Fixed Assets	-	262
Intangible Assets	-	500
Amount due to related party	-	405

10. SHARE CAPITAL

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
Issued and fully paid (1,210 million ordinary shares of AED 1 each)	1,210,000	1,210,000

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

11. TREASURY SHARES

In 2008, the Company bought back 21,669,790 shares amounting to AED 35,972 thousand. The treasury shares are debited as a separate category of shareholders' equity at cost. The buyback of shares was duly approved by the Board of Directors. The Board of Directors on 27 March 2021 approved a capital reduction of the Group by utilising the treasury shares which were bought back in 2008 amounting to AED 35,972 thousand.

12. STATUTORY RESERVE

In accordance with U.A.E. Federal Decree Law No. 32 of 2021 and the Articles of Association of the Company, 10% of the net profit is required to be transferred to a non-distributable statutory reserve until this reserve equals 50% of the paid up share capital. This reserve is not available for distribution other than in circumstances stipulated by law.

13. OTHER RESERVES

Other reserves include following:

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
Revaluation reserve	20,753	20,753
Foreign exchange translation reserve	(147,430)	(130,718)
Investment fair value reserve	(27,844)	(27,922)
Regulatory reserve – UAE operations	2,895	1,756
	<u>(151,626)</u>	<u>(136,131)</u>

14. WAKALAH SHARE

The shareholders manage the takaful operations of the Group for the policyholders and charge 22.73% (2021: 9.36%) of gross written contributions and participant investment revenues of non-family takaful business (excluding subsidiaries) as Wakalah share. For family takaful business, sharing ratio is 15% (2021: 15%) of mortality costs.

15. QARD HASAN

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>	<i>30 September 2021 (unaudited) AED'000</i>
Balance at 1 January	-	(688,010)	(688,010)
Net (deficit) / surplus attributable to policyholders for the period / year	(19,830)	5,994	5,997
Write-off of Qard Hassan	-	682,016	682,013
Provision against Qard Hassan	19,830	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net exposure to shareholders	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Policyholders' fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

The shareholders of the Group financed the policyholders' deficit in accordance with the takaful contracts between the Group and its Policyholders.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

16. BASIC AND DILUTED EARNINGS PER SHARE

	<i>Nine-month period ended 30 September</i>		<i>Three-month period ended 30 September</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Profit for the period attributable to shareholders (AED'000)	13,830	35,736	1,649	1,150
Number of shares (in thousands)	1,188,330	1,188,330	1,188,330	1,188,330
Basic and diluted earnings per share (AED)	0.012	0.03	0.001	0.001

Basic earnings per share are calculated by dividing the profit for the period by the number of weighted average shares outstanding at the end of the reporting period after taking into account the treasury shares held. Diluted earnings per share is equivalent to basic earnings per share as the Group did not issue any new instrument that would impact earnings per share when executed.

17. CASH AND CASH EQUIVALENTS

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>	<i>30 September 2021 (unaudited) AED'000</i>
Cash in hand	35	69	33
Cash at bank	166,769	346,886	334,513
Term deposits	15,047	20,835	41,454
	181,851	367,790	376,000
Less: term deposits under lien (note 19)	(4,585)	(4,881)	(6,035)
Less: restricted bank balances (note 19)	-	(258,469)	(277,390)
	177,266	104,440	92,575

18. OTHER ASSETS AND RECEIVABLES

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
Deferred commission	143,517	178,156
Prepaid commission	1,548	6,024
Others	78,878	72,174
	223,943	256,354

The other assets and receivables include other receivables amounting to AED 13,821 thousand (2021: AED 13,821 thousand) which was previously subjected to a legal case, and on which the Group has won, and the court has issued performance order and is now under execution against the relevant counter parties. The other assets and receivable also include other receivable amounting to AED 19,818 thousand (2021: AED 19,818 thousand) receivable against sale of investment in Best Re Holding Ltd.

The management believes at this stage that these receivables are recoverable and thus, no provision has been made.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

19. COMMITMENTS AND CONTINGENCIES

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
Letter of Guarantees in favour of CBUAE	160,000	10,000
Others letter of guarantee	4,289	5,038
	164,289	15,038

Statutory Deposits of AED 287,284 thousand (2021: AED 239,649) includes deposits amounting to AED 70,000 thousand (2021: AED 10,000 thousand) which are held as lien by the bank against the abovementioned letter of guarantee issued by bank in favour of the Central Bank of United Arab Emirates (“CBUAE”). During the period, the Group’s bank has issued a guarantee of AED 150,000 thousand in favour of CBUAE to meet the solvency requirements.

Other letter of guarantee was issued during normal course of business against which term deposit of AED 4,585 thousand (note 17) which is held as lien by the bank.

Ongoing legal case

In the prior years, a bank (previously related party) has filed legal claim against the Group seeking to obligate the Group to pay a net sum of AED 258 million after setting off investment property amounting to AED 83 million and available for sale investments amounting to AED 54 million against the alleged loan granted to the Group amounting to AED 395 million during the year 2008. In 2022, the above claim was dismissed by the court in the first instance stage. As at reporting date, no provision has been considered by the Group’s management in respect of this claim of AED 258 million and also aforementioned investment property and available for sale investments are continuing to be recorded in these consolidated financial statements at AED 85 million and AED 58 million respectively.

Furthermore, a Precautionary Attachment Order has been issued by the Court against the Company on the request of the bank, however, the management has taken immediate action to file a grievance request and the Court has decided to cancel the aforesaid Precautionary Attachment Order (Court Cancellation Decision). This Court Cancellation Decision has been appealed by the bank and the Court issued a decision overruling the Court Cancellation Decision (the Appeal Decision). The Management has appealed on cassation the Appeal Decision and the Appeal Court of Dubai has issued its judgement in March 2022, refuting the Letter of Demand and cancelling the legal actions taken against the Company Therefore, the full amount that was blocked under the bank attachment order has been released, amounting to AED 258.46m.

The Group is exposed to certain claims and litigations, these are subject to legal cases filed by policyholders, cedants and retakaful operators in connection with policies issued. The management believes, based on independent legal counsel opinions that the ascertainment of liabilities and its timing is highly subjective and dependent on outcomes of court's decisions. Furthermore, as per independent legal counsel, the Group has strong grounds to defend the suits successfully. Accordingly, no additional provision for these claims has been made in the consolidated financial statements. However, 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.

There are no significant capital commitments at 30 September 2022 (2021: nil).

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

20. ALLOCATION BETWEEN PARTICIPANTS AND SHAREHOLDERS

	<i>For the Nine month period ended 30 September 2022</i>				<i>For the three month period ended 30 September 2022</i>			
	<i>Shareholders AED'000</i>	<i>Policyholders AED'000</i>	<i>Non-controlling interest AED'000</i>	<i>Total AED'000</i>	<i>Shareholders AED'000</i>	<i>Policyholders AED'000</i>	<i>Non-controlling interest AED'000</i>	<i>Total AED'000</i>
Net underwriting income	-	109,488	-	109,488	-	35,879	-	35,879
Wakalah share (Note 14)	114,982	(114,982)	-	-	65,579	(65,579)	-	-
Mudarib share (Note 14)	11	(11)	-	-	6	(6)	-	-
Net technical charges from policyholders to shareholders	44,059	(44,059)	-	-	16,541	(16,541)	-	-
Net underwriting income from subsidiaries	40,035	(40,035)	-	-	14,085	(14,085)	-	-
Income from investments	20,571	32	-	20,603	7,578	19	-	7,597
Other income	4,890	339	-	5,229	948	95	-	1,043
	224,548	(89,228)	-	135,320	104,737	(60,218)	-	44,519
Expenses								
General, administrative and other expenses	(101,343)	-	-	(101,343)	(35,105)	-	-	(35,105)
Financial expenses	(1,818)	-	-	(1,818)	(725)	-	-	(725)
Commission paid and other costs	(69,398)	69,398	-	-	(40,388)	40,388	-	-
	51,989	(19,830)	-	32,159	28,519	(19,830)	-	8,689
Net profit before tax for the period								
Tax – current	(7,018)	-	-	(7,018)	(2,750)	-	-	(2,750)
	44,971	(19,830)	-	25,141	25,769	(19,830)	-	5,939
Net profit after tax for the period								
Share of non-controlling interest	(11,311)	-	11,311	-	(4,290)	-	4,290	-
Distribution to policyholders of the Company Policyholders' loss financed by shareholders / recovery of loss from policyholders' fund	(19,830)	19,830	-	-	(19,830)	19,830	-	-
	13,830	-	11,311	25,141	1,649	-	4,290	5,939

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

20. ALLOCATION BETWEEN PARTICIPANTS AND SHAREHOLDERS (continued)

	<i>For the Nine month period ended 30 September 2021</i>				<i>For the three month period ended 30 September 2021</i>			
	<i>Shareholders AED'000</i>	<i>Policyholders AED'000</i>	<i>Non-controlling interest AED'000</i>	<i>Total AED'000</i>	<i>Shareholders AED'000</i>	<i>Policyholders AED'000</i>	<i>Non-controlling interest AED'000</i>	<i>Total AED'000</i>
Income	-	122,500	-	122,500	-	37,531	-	37,531
Wakalah share (Note 14)	58,028	(58,028)	-	-	11,945	(11,945)	-	-
Mudarib share (Note 14)	15	(15)	-	-	4	(4)	-	-
Net technical charges from policyholders to shareholders	47,411	(47,411)	-	-	14,256	(14,256)	-	-
Net underwriting income from subsidiaries	47,516	(47,516)	-	-	15,601	(15,601)	-	-
Income from investments	27,066	46	-	27,112	(4,804)	11	-	(4,793)
Other income	11,428	1,070	-	12,498	3,742	130	-	3,872
	<u>191,464</u>	<u>(29,354)</u>	<u>-</u>	<u>162,110</u>	<u>40,744</u>	<u>(4,134)</u>	<u>-</u>	<u>36,610</u>
Expenses								
General, administrative and other expenses	(107,421)	-	-	(107,421)	(28,676)	-	-	(28,676)
Financial expenses	(3,081)	-	-	(3,081)	(906)	-	-	(906)
Commission paid and other costs	(35,351)	35,351	-	-	(11,551)	11,551	-	-
	<u>45,611</u>	<u>5,997</u>	<u>-</u>	<u>51,608</u>	<u>(389)</u>	<u>7,417</u>	<u>-</u>	<u>7,028</u>
Net profit before tax for the period								
Tax – current	(8,381)	-	-	(8,381)	(4,088)	-	-	(4,088)
	<u>37,230</u>	<u>5,997</u>	<u>-</u>	<u>43,227</u>	<u>(4,477)</u>	<u>7,417</u>	<u>-</u>	<u>2,940</u>
Net profit after tax for the period								
Gain from discontinued operations								
Share of non-controlling interest	(7,491)	-	7,491	-	(1,790)	-	1,790	-
Distribution to policyholders of the Company	-	-	-	-	-	-	-	-
Policyholders' loss financed by shareholders / recovery of loss from policyholders' fund	5,997	(5,997)	-	-	7,417	(7,417)	-	-
	<u>35,736</u>	<u>-</u>	<u>7,491</u>	<u>43,227</u>	<u>1,150</u>	<u>-</u>	<u>1,790</u>	<u>2,940</u>
Net profit for the period								

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2022 (unaudited)

20. ALLOCATION BETWEEN PARTICIPANTS AND SHAREHOLDERS (continued)

Interim condensed consolidated statement of financial position

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
Assets		
<i>Participants' assets</i>		
Participants' investments in unit-linked contracts	1,943,364	2,396,075
Contributions and takaful balance receivables	236,192	128,449
Retakafuls' share of outstanding claims	189,647	197,402
Retakafuls' share of unearned contributions	101,609	82,889
Other assets and receivables	-	9
Investment Properties	84,957	-
Investments	54,489	16,668
Restricted bank balances	-	258,469
Cash and bank balances	151,964	74,710
Total participants' assets	2,762,222	3,154,671
Total shareholders' assets*	1,424,884	1,613,373
Total assets	4,187,106	4,768,044
Liabilities		
<i>Participants' liabilities</i>		
Outstanding claims and family takaful reserve	305,837	315,543
Payable to participants for unit-linked contracts	1,942,217	2,394,963
Unearned contributions reserve	275,248	161,482
Takaful balances payable	162,378	129,611
Other payables and accruals	76,543	153,072
Total participants' liabilities	2,762,222	3,154,671
Total shareholders' liabilities*	607,623	770,205
Total liabilities	3,369,885	3,924,876
Net assets employed	817,221	843,168
Financed by:		
Shareholders' equity	740,936	767,487
Non-controlling interest	76,285	75,681
	817,221	843,168

*Shareholders' assets and liabilities represents affairs of the subsidiaries as shareholder funds are used for the investments thereon.

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INETRIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 September 2022 (unaudited)

21. OPERATING SEGMENT

By business

	<i>Nine month period ended 30 September 2022</i>			<i>Three month period ended 30 September 2022</i>		
	<i>General takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>	<i>General takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>
Gross written contributions	646,817	239,043	885,860	237,015	74,673	311,688
Net contributions earned	362,463	165,463	527,926	155,553	50,343	205,896
Commissions income on ceded reinsurance and retakaful	28,034	-	28,034	9,170	-	9,170
Net claims incurred	390,497	165,463	555,960	164,723	50,343	215,066
Commissions expense and other costs	(223,216)	7,261	(215,955)	(93,489)	2,718	(90,771)
Net underwriting income	(113,395)	(117,122)	(230,517)	(53,313)	(35,103)	(88,416)
Investment and other income	53,886	55,602	109,488	17,921	17,958	35,879
Unallocated expenses and tax			25,832			8,640
			(110,179)			(38,580)
Net profit after tax			25,141			5,939

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INETRIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 September 2022 (unaudited)

21. OPERATING SEGMENT (continued)

By business

	<i>Nine month period ended 30 September 2021</i>			<i>Three month period ended 30 September 2021</i>		
	<i>General takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>	<i>General takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>
Gross written contributions	566,962	299,133	866,095	119,900	90,682	210,582
Net contributions earned	268,794	211,408	480,202	96,055	61,346	157,401
Commissions income on ceded reinsurance and retakaful	30,362	1,085	31,447	9,885	77	9,962
Net claims incurred	299,156 (156,155)	212,493 699	511,649 (155,456)	105,940 (57,539)	61,423 3,611	167,363 (53,928)
Commissions expense and other costs	(79,203)	(154,490)	(233,693)	(27,121)	(48,783)	(75,904)
Net underwriting income	63,798	58,702	122,500	21,280	16,251	37,531
Investment and other income			39,610			(921)
Unallocated expenses and tax			(118,883)			(33,670)
Surplus distribution for life policyholders			-			-
Loss from discontinued operations			-			-
Net profit after tax			43,227			2,940

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INETRIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 September 2022 (unaudited)

21. OPERATING SEGMENT (continued)

By geography

	<i>Nine month period ended 30 September 2022</i>			<i>Three month period ended 30 September 2022</i>		
	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>
Gross written contributions	193,334	692,526	885,860	68,376	243,312	311,688
Net contributions earned	144,886	383,040	527,926	47,594	158,302	205,896
Commissions income on ceded reinsurance and retakaful	9,516	18,518	28,034	3,515	5,655	9,170
Net claims incurred	154,402 (73,538)	401,558 (142,417)	555,960 (215,955)	51,109 (25,263)	163,957 (65,508)	215,066 (90,771)
Commissions expense and other costs	(40,562)	(189,955)	(230,517)	(11,493)	(76,923)	(88,416)
Net underwriting income	40,302	69,186	109,488	14,353	21,526	35,879
Investment and other income			25,832			8,640
Unallocated expenses and tax			(110,179)			(38,580)
Net profit after tax			25,141			5,939

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INETRIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 September 2022 (unaudited)

21. OPERATING SEGMENT (continued)

By geography

	<i>Nine month period ended 30 September 2021</i>			<i>Three month period ended 30 September 2021</i>		
	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>	<i>Africa AED'000</i>	<i>Asia AED'000</i>	<i>Total AED'000</i>
Gross written contributions	225,271	640,824	866,095	75,147	135,435	210,582
Net contributions earned	143,087	337,115	480,202	51,071	106,330	157,401
Commissions income on ceded reinsurance and retakaful	11,053	20,394	31,447	3,469	6,493	9,962
Net Net claims incurred	154,140	357,509	511,649	54,540	112,823	167,363
Commissions expense and other costs	(55,425)	(100,031)	(155,456)	(21,924)	(32,004)	(53,928)
Net underwriting income	47,516	74,984	122,500	15,603	21,928	37,531
Investment and other income			39,610			(921)
Unallocated expenses and tax			(118,883)			(33,670)
Net profit after tax			43,227			2,940

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INETRIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 September 2022 (unaudited)

21. OPERATING SEGMENT (continued)

By business

30 September 2022 (Unaudited)

	<i>General takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>
Assets			
Property and equipment	32,030	2,452	34,482
Goodwill and intangibles	116,552	1,684	118,236
Investment properties	141,302	-	141,302
Right to use assets	7,101	1,549	8,650
Investment in associates	35,180	-	35,180
Deposits	186,776	100,508	287,284
Investments	395,652	99,092	494,744
Participants' investments in unit-linked contracts	-	1,943,364	1,943,364
Deposits with takaful and retakaful companies	1,773	-	1,773
Contributions and takaful balance receivables	310,793	15,150	325,943
Retakafuls' share of outstanding claims	156,074	68,851	224,925
Retakafuls' share of unearned contributions	157,608	7,821	165,429
Other assets and receivables	64,074	159,869	223,943
Bank balances and cash	77,275	104,576	181,851
Total assets	1,682,190	2,504,916	4,187,106
Liabilities			
Outstanding claims and family takaful reserve	284,607	222,611	507,218
Payable to Participants for unit-linked contracts	-	1,942,217	1,942,217
Unearned contributions reserve	368,056	56,076	424,132
Takaful balances payable	180,861	52,466	233,327
Other payables and accruals	120,463	133,782	254,245
Lease liabilities	7,131	1,615	8,746
Total liabilities	961,118	2,408,767	3,369,885
Net assets employed	721,072	96,149	817,221
Financed by:			
Shareholders' equity			740,936
Non-controlling interest			76,285
			817,221

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INETRIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 September 2022 (unaudited)

21. OPERATING SEGMENT (continued)

By business

31 December 2021 (Audited)

	<i>General takaful AED'000</i>	<i>Family takaful AED'000</i>	<i>Total AED'000</i>
Assets			
Property and equipment	33,485	2,995	36,480
Goodwill and intangibles	115,692	2,080	117,772
Investment properties	142,055	-	142,055
Right of use assets	1,752	2,674	4,426
Investments in associates	34,447	-	34,447
Deposits	188,195	51,454	239,649
Investments	442,574	116,492	559,066
Participants' investments in unit-linked contracts	-	2,396,075	2,396,075
Deposits with takaful and retakaful companies	2,387	-	2,387
Contributions and takaful balance receivables	191,991	21,413	213,404
Retakafuls' share of outstanding claims	179,294	83,056	262,350
Retakafuls' share of unearned contributions	130,677	5,112	135,789
Other assets and receivables	62,729	193,625	256,354
Restricted bank balances	-	258,469	258,469
Bank balances and cash	63,889	45,432	109,321
	<u>1,589,167</u>	<u>3,178,877</u>	<u>4,768,044</u>
Liabilities and policyholders' fund			
Outstanding claims and family takaful reserve	324,096	250,854	574,950
Payable to Participants for unit-linked contracts	-	2,394,963	2,394,963
Unearned contributions reserve	266,124	61,632	327,756
Short term borrowings	7,500	17,500	25,000
Takaful balances payable	152,540	53,122	205,662
Other payables and accruals	144,264	247,642	391,906
Lease liabilities	1,857	2,782	4,639
	<u>896,381</u>	<u>3,028,495</u>	<u>3,924,876</u>
Total liabilities	896,381	3,028,495	3,924,876
Policyholders' fund	-	-	-
	<u>692,786</u>	<u>150,382</u>	<u>843,168</u>
Net assets employed			
Financed by:			
Shareholders' equity			767,487
Non-controlling interest			75,681
			<u>843,168</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INETRIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 September 2022 (unaudited)

22. CLASSES AND CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below sets out the classification of each class of financial assets and liabilities and their fair values.

For instruments carried at amortised cost, management believes that their carrying values approximates to their fair values.

30 September 2022 (Unaudited)

	<i>FVTPL</i> <i>AED'000</i>	<i>Available for sale investments</i> <i>AED'000</i>	<i>Amortised cost</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Financial assets				
Investments	8,847	63,936	421,961	494,744
Deposits	-	-	287,284	287,284
Participants' investments in unit-linked contracts	1,943,364	-	-	1,943,364
Deposits with takaful and retakaful companies	-	-	1,773	1,773
Contributions and takaful balance receivables	-	-	325,943	325,943
Other assets and receivables	-	-	64,219	64,219
Bank balances and cash	-	-	181,851	181,851
	<u>1,952,211</u>	<u>63,936</u>	<u>1,283,031</u>	<u>3,299,178</u>
Financial liabilities				
Payable to participants for unit-linked contracts	1,942,217	-	-	1,942,217
Takaful balances payable	-	-	233,327	233,327
Other payables and accruals	-	-	217,445	217,445
Lease liabilities	-	-	8,746	8,746
	<u>1,942,217</u>	<u>-</u>	<u>459,518</u>	<u>2,401,735</u>

31 December 2021 (audited)

	<i>FVTPL</i> <i>AED'000</i>	<i>Available for sale investments</i> <i>AED'000</i>	<i>Amortised cost</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Financial assets				
Investments	59,534	63,495	436,037	559,066
Deposits	-	-	239,649	239,649
Participants' investments in unit-linked contracts	2,396,075	-	-	2,396,075
Deposits with takaful and retakaful companies	-	-	2,387	2,387
Contributions and takaful balance receivables	-	-	208,729	208,729
Other assets and receivables	-	-	59,654	59,654
Bank balances and cash	-	-	109,321	109,321
	<u>2,455,609</u>	<u>63,495</u>	<u>1,055,777</u>	<u>3,574,881</u>
Financial liabilities				
Payable to participants for unit-linked contracts	2,394,963	-	-	2,394,963
Takaful balances payable	-	-	205,662	205,662
Other payables	-	-	350,779	350,779
Lease liabilities	-	-	4,639	4,639
	<u>2,394,963</u>	<u>-</u>	<u>561,080</u>	<u>2,956,043</u>

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended 30 September 2022 (unaudited)

23. DIVIDEND

At the annual general meeting held on 29 April 2022, the Shareholders approved a cash dividend of AED 23.75 million (2 fils per share) for the year ended 31 December 2021 (2020: 8.25 fils per share AED 98.04 million for year ended 31 December 2020).

24. FINANCIAL REGULATIONS

As per Article (8) of Section 2 of the financial regulations issued for insurance companies issued by the CBUAE (formerly the "Insurance Authority"), the Company has to maintain a solvency margin. During the period, upon request from the Group the Mashraq Al Islamic Bank has issued a letter of guarantee for AED 150,000 thousand in favour of CBUAE to meet the solvency requirements of the Group.

The table below summarises the consolidated Minimum Capital Requirement ("MCR"), Minimum Guarantee Fund and Solvency Capital Requirement of the Group and the total capital held at the Group level to meet the required Solvency Margins in line with the requirements of the UAE Insurance Authority.

	<i>30 September 2022 (unaudited) AED'000</i>	<i>31 December 2021 (audited) AED'000</i>
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	240,614	228,421
Minimum Guarantee Fund (MGF)	137,595	116,471
Basic Own Funds	203,648	(226,139)
MCR Solvency Margin (Surplus/deficit)	103,648	(326,139)
SCR Solvency Margin (Surplus/deficit)	8,034	(454,560)
MGF Solvency Margin (Surplus/deficit)	111,053	(342,610)

25. SUBSEQUENT EVENTS

Subsequent to the period end, the Group has initiated the acquisition of a portion of general, medical, and family takaful portfolios of Dubai Islamic Insurance and Reinsurance Company PSC (AMAN) an entity incorporated in the United Arab Emirates. The finalisation of the transaction is still subject to due diligence, further negotiations between the parties, and regulatory approvals.

26. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 14 November 2022.