

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

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

**31 MARCH 2024 (UNAUDITED)**

Islamic Arab Insurance Co. (Salama) PJSC and its subsidiaries  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For three-month period ended 31 March 2024

---

<b>Contents</b>	<b>Pages</b>
<b>Independent auditor's review report</b>	<b>1-2</b>
<b>Interim consolidated statement of financial position</b>	<b>3</b>
<b>Interim consolidated statement of profit or loss</b>	<b>4</b>
<b>Interim consolidated statement of comprehensive income</b>	<b>5</b>
<b>Interim consolidated statement of changes in equity</b>	<b>6 – 7</b>
<b>Interim consolidated statement of cash flows</b>	<b>8</b>
<b>Notes to the interim condensed consolidated financial statements</b>	<b>9 – 32</b>

## **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 (together referred to as the “Group”) as at 31 March 2024 which comprise the interim consolidated statement of financial position as at 31 March 2024 and the related interim consolidated statements of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statements of cash flows for the three 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 140,791 thousand (2023: AED 145,376 thousand), investments carried at AED 386,581 thousand (2023: AED 394,062 thousand) and other assets and receivables which are carried at AED 92,662 thousand (2023: AED 114,033 thousand).

The aforementioned assets include:

- Investment property with a carrying amount of AED 84,957 thousand (2023: AED 84,957 thousand) (note 7);
- Investment at fair value through other comprehensive income of AED 58,244 thousand (2023: AED 58,244 thousand) and investments held at amortised cost of AED 111,627 thousand (2023: AED 111,627 thousand) (note 9); and
- Other receivables with a carrying amount of AED 33,639 thousand (2023: AED 33,639 thousand) (note 17).

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 18 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. The audit opinion on the consolidated financial statements for the year ended 31 December 2023 and the review conclusion for the period ended 31 March 2023 was also qualified in respect to this matter.

**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 statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Ashraf Abu-Sharkh  
Partner  
Registration No. 690

15 May 2024

Dubai, United Arab Emirates

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

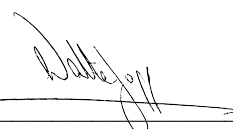
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 (unaudited)

	<i>Notes</i>	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (Audited)</i>
<b>ASSETS</b>			
Property and equipment		46,180	47,382
Goodwill and intangibles		67,562	68,016
Investment properties	7	140,791	145,376
Right-of-use assets		3,891	4,595
Investment in associate	8	35,352	35,352
Statutory deposits		256,800	283,526
Investments	9	386,581	394,062
Participants' investments in unit-linked contracts	9	2,079,995	2,020,883
Deposits with takaful and retakaful companies		692	974
Takaful contract assets	19	7,669	6,801
Retakaful contract assets	19	342,817	348,462
Other assets and receivables	17	92,662	114,033
Bank balances and cash	16	139,398	144,179
<b>TOTAL ASSETS</b>		<b>3,600,390</b>	<b>3,613,641</b>
<b>LIABILITIES</b>			
Family takaful reserve		80,654	77,160
Takaful contract liabilities	19	2,569,780	2,543,428
Retakaful contract liabilities	19	142,940	162,050
Other payables and accruals		168,553	169,098
Lease liabilities		3,994	4,695
<b>Total liabilities</b>		<b>2,965,921</b>	<b>2,956,431</b>
<b>EQUITY</b>			
Share capital	11	939,589	939,589
Treasury shares	12	(35,972)	(35,972)
Statutory reserve	13	2,815	2,815
Other reserves	14	(176,676)	(154,533)
Accumulated losses		(154,300)	(163,924)
<b>Equity attributable to owners of the Company</b>		<b>575,456</b>	<b>587,975</b>
Non-controlling interest		59,013	69,235
<b>Total equity</b>		<b>634,469</b>	<b>657,210</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,600,390</b>	<b>3,613,641</b>



Saeed Alhajeri  
Chairman of the Board of Directors



Walter Jopp  
Chief Executive Officer

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 PROFIT OR LOSS

For the three-month period ended 31 March 2023 (unaudited)

		<i>Three-month period ended</i>	
		<i>31 March 2024</i>	<i>31 March 2023</i>
<i>Notes</i>		<i>AED'000 (unaudited)</i>	<i>AED'000 (unaudited)</i>
Takaful revenue	19	<b>271,474</b>	265,238
Takaful service expenses	19	<b>(253,482)</b>	(225,274)
Net expenses from retakaful contracts held	19	<b>(15,481)</b>	(18,098)
<b>TAKAFUL SERVICE RESULT</b>		<b>2,511</b>	21,866
Policyholders' investment income	9.2	<b>74,675</b>	50,566
Shareholders' investment income	9.2	<b>12,585</b>	18,105
<b>NET INVESTMENT RESULT</b>		<b>87,260</b>	68,671
Takaful finance expense for takaful contracts issued	19	<b>(64,551)</b>	(65,330)
Retakaful finance (expense)/income for retakaful contracts held	19	<b>(2,783)</b>	2,299
<b>NET TAKAFUL FINANCE EXPENSE</b>		<b>(67,334)</b>	(63,031)
<b>NET TAKAFUL AND INVESTMENT RESULT</b>		<b>22,437</b>	27,506
Other operating income		<b>21,724</b>	4,095
Other operating expenses		<b>(18,316)</b>	(19,742)
Provision for expected credit losses		<b>(1,305)</b>	-
<b>PROFIT BEFORE TAX</b>		<b>24,540</b>	11,859
Income tax for the period	24	<b>(6,959)</b>	(3,822)
<b>PROFIT FOR THE PERIOD</b>		<b>17,581</b>	8,037
<b>Attributable to:</b>			
Shareholders		<b>10,116</b>	4,140
Non-controlling interests		<b>7,465</b>	3,897
		<b>17,581</b>	8,037
<b>Basic and diluted earnings per share (AED)</b>	15	<b>0.011</b>	0.004

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 three-month period ended 31 March 2024 (unaudited)

	<i>Three-month period ended</i>	
	<i>31 March 2024</i> <i>AED'000</i> <i>(unaudited)</i>	<i>31 March 2023</i> <i>AED'000</i> <i>(unaudited)</i>
Profit for the period	<b>17,581</b>	8,037
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>		
Net changes in fair value of investments at fair value through other comprehensive income (FVOCI)	<b>(150)</b>	92
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>		
Share of other comprehensive income of associates	-	(856)
Foreign currency adjustments from translation of foreign operations	<b>(40,493)</b>	(20,210)
<b>Other comprehensive loss for the period</b>	<b>(40,643)</b>	(20,974)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(23,062)</b>	(12,937)
<b>Attributable to:</b>		
Shareholders	<b>(12,519)</b>	(7,323)
Non-controlling interests	<b>(10,543)</b>	(5,614)
	<b>(23,062)</b>	(12,937)

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 three-month period ended 31 March 2024 (unaudited)

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Revaluation reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Investment fair value reserve</i>	<i>Treasury shares</i>	<i>Accumulated losses</i>	<i>Regulatory reserve</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
At 1 January 2024	939,589	2,815	34,118	(163,767)	(30,397)	(35,972)	(163,924)	5,513	587,975	69,235	657,210
Profit for the period	-	-	-	-	-	-	10,116	-	10,116	7,465	17,581
<i>Other comprehensive loss</i>											
Foreign currency adjustments from translation of foreign operations	-	-	-	(22,485)	-	-	-	-	(22,485)	(18,008)	(40,493)
Investments carried at FVTOCI net change in fair value	-	-	-	-	(150)	-	-	-	(150)	-	(150)
Other comprehensive loss for the period	-	-	-	(22,485)	(150)	-	-	-	(22,635)	(18,008)	(40,643)
Total comprehensive loss for the period	-	-	-	(22,485)	(150)	-	10,116	-	(12,519)	(10,543)	(23,062)
<i>Other movement in equity</i>											
Increase in capital	-	-	-	-	-	-	-	-	-	321	321
Transfer to regulatory reserve (note 14)	-	-	-	-	-	-	(492)	492	-	-	-
At 31 March 2024 (unaudited)	939,589	2,815	34,118	(186,252)	(30,547)	(35,972)	(154,300)	6,005	575,456	59,013	634,469

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 three-month period ended 31 March 2024 (unaudited) (continued)

	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign currency translation reserve AED'000	Investment fair value reserve AED'000	Treasury shares AED'000	Regulatory reserve AED'000	Accumulated losses) AED'000	Total AED'000	Non- controlling interests AED'000	Total AED'000
At 1 January 2023 (audited)	1,210,000	104,077	20,753	(157,047)	(27,154)	(35,972)	3,317	(371,913)	746,063	70,213	816,271
Profit for the period	-	-	-	-	-	-	-	4,140	4,140	3,897	8,037
<i>Other comprehensive loss</i>											
Changes in Other comprehensive income for the period	-	-	-	(10,699)	-	-	-	-	(10,699)	(9,511)	(20,210)
Other changes in equity	-	-	-	-	92	-	-	-	92	-	92
Share of OCI of associates	-	-	-	-	(856)	-	-	-	(856)	-	(856)
Other comprehensive loss for the period	-	-	-	(10,699)	(764)	-	-	-	(11,463)	(9,511)	(20,974)
Total comprehensive loss for the period	-	-	-	(10,699)	(764)	-	-	4,140	(7,323)	(5,614)	(12,937)
<i>Other movement in equity</i>											
Transition impact of IFRS 9	-	-	-	-	-	-	-	(738)	(738)	-	(738)
Capital reduction (note 1)	(270,411)	(101,262)	-	-	-	-	-	371,673	-	-	-
Transfer to regulatory reserve (note 14)	-	-	-	-	-	-	502	(502)	-	-	-
At 31 March 2023 (unaudited)	939,589	2,815	20,753	(167,746)	(27,918)	(35,972)	3,819	2,662	738,002	64,594	802,596

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

For the three-months period ended 31 March 2024 (unaudited)

	<i>Three-month period ended</i>	
	<b>31 March 2024</b> <b>AED'000</b> <b>(unaudited)</b>	<b>31 March 2023</b> <b>AED'000</b> <b>(unaudited)</b>
<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>		
Net profit before tax	<b>24,540</b>	11,859
Adjustments for:		
Depreciation on property and equipment	<b>767</b>	658
Depreciation on right of use assets	<b>504</b>	526
Amortisation of intangible assets	<b>440</b>	424
Share of profit from associate	8	(1,712)
Unrealised gain on investment	9.2	(3,409)
Allowance for expected credit losses	<b>1,305</b>	-
Operating cash flows before changes in operating assets and liabilities	<b>27,379</b>	8,346
Decrease in deposits with takaful and retakaful companies	<b>282</b>	282
Changes in takaful contract assets	<b>(1,168)</b>	(32,659)
Change in retakaful contract assets	<b>5,645</b>	(11,443)
Changes in takaful contract liabilities	<b>26,352</b>	(3,835)
Change in retakaful contract liabilities	<b>(19,110)</b>	(1,454)
Change in other assets and receivables	<b>21,371</b>	(4,969)
Change in family reserves	<b>3,494</b>	-
Change in other payables	<b>(545)</b>	464
Income tax paid	<b>(6,959)</b>	(3,822)
Net foreign exchange difference	<b>(40,493)</b>	(20,210)
Net cash generated from /(used in) operating activities	<b>56,741</b>	(49,090)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment - net	<b>(17)</b>	(658)
Purchase of intangible assets - net	-	(425)
Net movement in statutory deposits	<b>26,726</b>	22,651
Repayment of principal and interest on lease liability	<b>(701)</b>	(2,556)
Dividend income from associate	-	1,231
Change in Investments - net	<b>11,766</b>	21,526
Net movement in Participants' investments in unit-linked contracts	<b>(59,112)</b>	4,118
Change in term deposits under lien	<b>(7)</b>	3,800
Cash (used in)/generated from investing activities	<b>(21,345)</b>	29,477
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in non-controlling interest	<b>321</b>	-
Cash used in financing activities	<b>321</b>	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,776)</b>	(19,613)
Cash and cash equivalents at 1 January	<b>125,080</b>	124,457
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 16)</b>	<b>120,304</b>	104,844

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 three-month period ended 31 March 2024 (unaudited)

### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

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 Company’s shares are listed on the Dubai Financial Market (DFM), 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 Decree Law No. (32) of 2021 for commercial companies and U.A.E. Federal Law No. 48 of 2023, concerning regulations of insurance activities.

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	Principal activities	Group’s ownership		Country of incorporation
		2024	2023	
<i>Directly owned</i>				
Tariic Holding Company B.S.C	No takaful operations	<b>99.40%</b>	99.40%	Kingdom of Bahrain
Misr Emirates Takaful Life Insurance Co.	Family Takaful	<b>85.19%</b>	85.19%	Egypt
Salama Immobilier	No takaful operations	<b>84.25%</b>	84.25%	Senegal
Salama Takaful Insurance – Egypt (formerly “Egyptian Saudi Insurance House”)	General Takaful	<b>51.15%</b>	51.15%	Egypt
<i>Through Tariic</i>				
Salama Assurances Algeria	General Takaful	<b>96.98%</b>	96.98%	Algeria

During the prior year, on 16 January 2023, in the General Assembly Meeting the Shareholders’ have approved to write off the accumulated losses of AED 371,673 thousand. These accumulated losses were set off against the following components of equity:

- Cancellation of 270,414,470, AED 1 shares on 24 March 2023; and
- Accumulated losses of AED 101,262 thousand were set off against statutory reserves.

### 2 NEW STANDARDS AND INTERPRETATIONS

#### *New and revised IFRS adopted in 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 2023, except for the adoption of new standards effective as of 1 January 2024. 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 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- 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 BASIS OF PREPARATION**

#### **a) Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Management 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 Group 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.

#### **b) Basis of measurement**

The condensed consolidated interim financial information has been prepared on the historical cost basis except for the following which are measured at fair value:

i) Financial assets at fair value through other comprehensive income ("FVOCI"); and financial assets at fair value through profit or loss ("FVTPL").

#### **c) Functional and presentation currency**

These interim condensed consolidated financial statements are presented in U.A.E. Dirhams ("AED") rounded to the nearest thousand, since that is the currency in which the majority of the Group's transactions are denominated.

#### **d) Use of estimates and judgments**

The preparation of interim condensed consolidated financial statements is in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and estimation of key sources of uncertainty were the same as those that applied to the audited annual consolidated financial statements as at and for the year ended 31 December 2023.

#### **e) Basis of consolidation**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases. The Group maintains control over the subsidiaries as it has power over the investee, exposure or rights to its variable returns and the power to affect the investor's returns.

Non controlling interest in the equity and results of the entities that are controlled by the Group are shown separately as a part of consolidated statements of changes in equity in the Group's consolidated financial statements. Any contribution or discounts on subsequent acquisition, after control is obtained, of equity instruments from (or sale of equity instruments to) non controlling interest is recognised directly in consolidated statement of changes in equity.

### **4 MATERIAL ACCOUNTING POLICY INFORMATION**

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

## 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 interim condensed consolidated financial statements 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 2023. There have been no changes in the risk management department or in any risk management policies since the year end.

## 6 INTERIM MEASUREMENT

The nature of the Group's business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These interim condensed consolidated financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the period. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

## 7 INVESTMENT PROPERTIES

The geographic dispersion of investment properties is as follows.

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
Within UAE	<b>12,600</b>	12,600
Outside UAE	<b>128,191</b>	132,776
	<b>140,791</b>	145,376

The variations in the value of investment properties are due to change in foreign exchange rates resulting in translation impact on investment properties held in foreign locations. The Group has an investment property in Kingdom of Saudi Arabia with carrying amount of AED 84,957 thousand (2023: AED 84,957 thousand) which is subject to an ongoing legal case as described in note 18.

The fair value of plots of land was determined based on the acceptable approach that reflects recent transaction prices for similar properties. The fair value of buildings was determined using investment method. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The Group's 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.

Movement during the period/year is as follows;

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
Balance at 1 January	<b>145,376</b>	143,776
Unrealized gain on investment properties	-	3,599
Currency translation impact	<b>(4,585)</b>	(1,999)
	<b>140,791</b>	145,376

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**8 INVESTMENT IN ASSOCIATE**

The associate company engages in several Takaful activities that complies with Islamic regulation including, motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contactor's plant and equipment insurance with accordance with Sharia' Islamic principles and Central Bank of Jordan regulations. Results for the period ended 31 March 2024 of the associate are not finalised due to recent regulatory changes in Jordan.

<i>Associates</i>	<i>Ownership</i>		<i>Country of incorporation</i>	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
	<i>2024</i>	<i>2023</i>			
The Islamic Insurance	<b>20%</b>	20%	Jordan	<b>35,352</b>	35,352
<b>Movement during the period</b>					
Balance at 1 January				<b>35,352</b>	35,188
Share of profit from associate				-	1,711
Share of other comprehensive (loss) / income				-	(856)
				<b>35,352</b>	36,043

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**9 INVESTMENTS**

	<i>31 March 2024 (unaudited)</i>			<i>31 December 2023 (audited)</i>		
	<i>Domestic investment AED'000</i>	<i>International investment AED'000</i>	<i>Total AED'000</i>	<i>Domestic investment AED'000</i>	<i>International investment AED'000</i>	<i>Total AED'000</i>
<b>(a) Financial assets at fair value through profit or loss</b>						
Shares and securities	-	500	500	-	323	323
<b>(b) Fair Value through Other comprehensive Income</b>						
Mutual fund and externally managed portfolios	-	84,086	84,086	-	85,513	85,513
Shares and securities	-	960	960	-	967	967
Less: allowance for expected credit losses	-	(2,020)	(2,020)	-	(2,020)	(2,020)
	-	83,026	83,026	-	84,460	84,460
<b>(c) At amortized cost</b>						
Sukuk and Government bonds	515	67,916	68,431	515	82,524	83,039
Wakalah certificates	54,094	-	54,094	54,094	-	54,094
Other Mudariba investments	-	65,738	65,738	-	65,738	65,738
Islamic placements	-	175,856	175,856	-	167,112	167,112
Less: allowance for expected credit losses	(54,609)	(6,455)	(61,064)	(54,609)	(6,095)	(60,704)
	-	303,055	303,055	-	309,279	309,279
	-	386,581	386,581	-	394,062	394,062
Quoted	-	500	500	-	323	323
Unquoted	-	386,081	386,081	-	393,739	393,739
	-	386,581	386,581	-	394,062	394,062

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**9 INVESTMENTS (continued)**

The following investments are subject to an ongoing legal case as described in note 18:

- Investment held at fair value through other comprehensive income amounting to AED 58,244 thousand (2023: AED 58,244 thousand); and
- Investments at amortised cost of AED 111,627 thousand (2023: AED 111,627 thousand).

**9.1 Participants' investments in unit-linked contracts**

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
<b>Financial asset at fair value through P&amp;L</b>	<b>2,079,995</b>	<b>2,020,883</b>

*Determining fair values*

Since the fair value of the Investments at amortised cost is a reasonable approximation of fair value hence the same has not been disclosed here. 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:

**31 March 2024 (unaudited)**

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<b>Financial assets</b>				
<b>Fair value through profit or loss</b>				
Shares and securities	500	-	-	500
Unit Linked investments	-	2,079,995	-	2,079,995
	<u>500</u>	<u>2,079,995</u>	<u>-</u>	<u>2,080,495</u>
<b>Fair value through other comprehensive income</b>				
Mutual fund	-	-	84,086	84,086
Shares and securities	-	960	-	960
Less: provision for credit losses	-	-	(2,020)	(2,020)
	<u>-</u>	<u>960</u>	<u>82,066</u>	<u>83,026</u>
<b>Non-financial assets</b>				
Investment properties	-	-	140,791	140,791



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**9 INVESTMENTS (continued)**

**9.1 Participants' investments in unit-linked contracts (continued)**

*As at 31 December 2023 (audited)*

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<b>Financial assets</b>				
<b>Financial asset at fair value through profit or loss</b>				
Shares and securities	323	-	-	323
Unit Linked investments	-	2,020,883	-	2,020,883
	<u>323</u>	<u>2,020,883</u>	<u>-</u>	<u>2,021,206</u>
<b>Financial asset at fair value through OCI</b>				
Mutual fund	-	-	85,513	85,513
Shares and securities	-	967	-	967
Less: provision for credit losses	-	-	(2,020)	(2,020)
	<u>-</u>	<u>967</u>	<u>83,493</u>	<u>84,460</u>
<b>Non-financial assets</b>				
Investment properties	-	-	145,376	145,376
	<u>-</u>	<u>-</u>	<u>145,376</u>	<u>145,376</u>

**9.2 Investment income**

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 March 2023 AED'000 (unaudited)</i>
<i>Policyholders' income</i>		
Unrealised gain on unit-linked portfolio	<b>74,660</b>	50,522
Income from bank deposits	<b>15</b>	44
	<u><b>74,675</b></u>	<u>50,566</u>
<i>Shareholders' income</i>		
Unrealised gain on investment at FVTPL	<b>177</b>	3,409
Realised gain on investment	<b>1,254</b>	3,055
Income on deposits and wakala certificates	<b>10,958</b>	9,749
Share of profit from associates (note 8)	-	1,712
Others	<b>196</b>	180
	<u><b>12,585</b></u>	<u>18,105</u>
	<u><b>87,260</b></u>	<u>68,671</u>

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

#### 10 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. 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>March 2024 AED'000 (unaudited)</i>	<i>March 2023 AED'000 (unaudited)</i>
Investment expenses	<u>992</u>	<u>1,070</u>
<i>Compensation of key management personnel</i>		
Short term benefits	<u>1,863</u>	<u>1,331</u>
Employees end of service benefits	<u>11</u>	<u>17</u>
<b>Balances with related parties</b>		
	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
Investments at amortised cost and FVOCI*	<u>56,456</u>	<u>56,456</u>
Participants' investments in unit-linked contracts	<u>1,174,342</u>	<u>1,172,222</u>
Intangible Assets	<u>-</u>	<u>801</u>
Other assets and receivables*	<u>44,764</u>	<u>54,272</u>

\* Group has recorded 100% expected credit losses i.e. AED 56,456 thousand against investments held with a related party and AED 15,819 thousand (2023: 14,873 thousand) against profit receivable on investment from the same party.

#### 11 SHARE CAPITAL

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
<i>Issued and fully paid</i> (939.589 million (2023: 939.589 million) ordinary shares of AED 1 each)	<u>939,589</u>	<u>939,589</u>

#### 12 TREASURY SHARES

In 2008, the Company bought back 21,669,790 shares amounting to AED 35.97 million. The treasury shares are debited as a separate category of shareholders' equity at cost. During the prior year ended 31 March 2023 due to the cancellation of share capital the number of treasury shares were reduced to 16,830,489 ordinary shares.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

#### 13 STATUTORY RESERVES

In accordance with Article 239 of the U.A.E. Federal 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 at each year end 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.

#### 14 OTHER RESERVES

Other reserves includes following:

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
Revaluation reserve	34,118	34,118
Foreign exchange translation reserve (note 14.1)	(186,252)	(163,767)
Investment fair value reserve	(30,547)	(30,397)
Regulatory reserve – UAE operations	6,005	5,513
	<u>(176,676)</u>	<u>(154,533)</u>

#### 14.1 Devaluation of currency

The Group owns two subsidiaries operating in Egypt and their functional currency is Egyptian Pound EGP. The significant devaluation of the Egyptian currency during the period has impacted the Group's interim condensed consolidated financial statements. Group recorded a loss AED 40,493 thousand in consolidated statement of changes in equity related to translation of foreign operations into functional currency (AED). Out of total AED 40,493 thousand, AED 38,882 thousand pertains to the translation impact from Egyptian Subsidiaries.

Furthermore, this currency devaluation has adversely affected the calculation of revenue, expenses, and profitability of the reporting entities in terms of AED as reflected in interim consolidated statement of profit or loss and other comprehensive income.

#### 15 BASIC AND DILUTED EARNINGS PER SHARE

	<i>Three-month period ended</i>	
	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 March 2023 AED'000 (unaudited)</i>
Profit for the period attributable to shareholders (AED'000)	<u>10,116</u>	<u>4,140</u>
Weight Average Number of shares (in thousands)	<u>922,759</u>	<u>1,164,724</u>
Basic and diluted earnings per share (AED)	<u>0.011</u>	<u>0.004</u>

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**16 CASH AND CASH EQUIVALENTS**

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>	<i>31 March 2023 AED'000 (unaudited)</i>
Cash in hand	36	30	28
Cash at bank	120,016	134,788	83,347
Term deposits	20,999	11,014	26,657
Less: provision for expected credit losses	(1,653)	(1,653)	-
	<u>139,398</u>	<u>144,179</u>	<u>110,032</u>
Less: term deposits under lien	(8,713)	(8,718)	(5,188)
Less: term deposits with maturity after three months	(10,381)	(10,381)	-
	<u>120,304</u>	<u>125,080</u>	<u>104,844</u>

**17 OTHER ASSETS AND RECEIVABLES**

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
Profit receivable	25,310	23,728
Receivable against sales of Investments	28,945	52,108
Deferred tax (note 24)	5,167	5,200
Others*	49,410	48,222
Less: provision for credit losses	(16,170)	(15,225)
	<u>92,662</u>	<u>114,033</u>

\*The other assets and receivables include other receivables amounting to AED 13,821 thousand (2023: 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 receivables also include other receivables amounting to AED 19,818 thousand (2023: 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.

**18 COMMITMENTS AND CONTINGENCIES**

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
Letter of Guarantees in favor of Central Bank of UAE	210,000	210,000
Other letter of guarantees	8,527	5,969
	<u>218,527</u>	<u>215,969</u>

**18 COMMITMENTS AND CONTINGENCIES (continued)**

Statutory Deposits of AED 256,800 thousand (31 Dec 2023: AED 283,526 thousand) includes deposits amounting to AED 60,000 thousand (31 December 2023: AED 60,000 thousand) which are held as lien by the bank against the abovementioned letter of guarantee issued by bank in favor of the Central Bank of United Arab Emirates ("CBUAE").

Other letter of guarantee was issued during normal course of business against which term deposit of AED 8,713 thousand (2023: 8,718 thousand) which is held as lien by the bank.

*Ongoing legal case*

The Group's total assets includes Investment property with a carrying amount of AED 84,957 thousand (2023: AED 84,957 thousand) (note 7), Investment at fair value through other comprehensive income of AED 58,244 thousand (2023: AED 58,244 thousand) and investments held at amortised cost of AED 111,627 thousand (2023: AED 111,627 thousand) (note 9); and Other receivables with a carrying amount of AED 33,639 thousand (2023: AED 33,639 thousand) (note 17). Aforementioned assets are under dispute due to litigation between the Group and a Bank (previously a related party).

Group has initiated legal actions, including civil and criminal cases at Dubai Courts, to safeguard rights and reclaim contested assets. Additionally, Group is pursuing legal measures in other jurisdictions against the parties implicated in the criminal case. Legal consultants of the Group express confidence in Group's strong legal position in these disputes, based on the progress of actions taken to date, the positive legal rulings obtained, and those currently in progress.

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 interim condensed 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 as of 31 March 2024 (2023: nil).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES

Reconciliation of the Takaful liability for remaining coverage (LRC) & liability for incurred claims for takaful contracts (LIC) as on 31 March 2024 (unaudited)

Amount in AED'000	<i>Liability for remaining coverage</i>		<i>LIC for contracts not under PAA</i>	<i>Liability for incurred claims (PAA)</i>		<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss component</i>		<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Takaful contracts that are liabilities at beginning of period	(1,972,381)	(10,137)	(118,436)	(425,538)	(16,936)	(2,543,428)
Takaful contracts that are assets at beginning of period	6,801	-	-	-	-	6,801
<b>Takaful contracts liabilities at beginning of period</b>	<b>(1,965,580)</b>	<b>(10,137)</b>	<b>(118,436)</b>	<b>(425,538)</b>	<b>(16,936)</b>	<b>(2,536,627)</b>
<b>Takaful revenue</b>	<b>271,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>271,474</b>
Incurred claims and other directly attributable expenses	-	(1,321)	(16,290)	(204,937)	(6,046)	(228,595)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	19,404	5,776	25,180
Losses on onerous contracts and reversals of those losses	-	1,301	-	-	-	1,301
Takaful acquisition cash flows amortisations	(51,367)	-	-	-	-	(51,367)
<b>Takaful service expenses</b>	<b>(51,367)</b>	<b>(20)</b>	<b>(16,290)</b>	<b>(185,534)</b>	<b>(270)</b>	<b>(253,482)</b>
<b>Takaful service result</b>	<b>220,107</b>	<b>(20)</b>	<b>(16,290)</b>	<b>(185,534)</b>	<b>(270)</b>	<b>17,993</b>
Finance expense from takaful contracts issued recognised	(54,440)	(30)	(1,141)	(8,590)	(351)	(64,551)
Forex adjustment to comprehensive income	12,896	244	-	26,221	771	40,131
<b>Total amounts recognised in profit or loss and other comprehensive income</b>	<b>178,563</b>	<b>194</b>	<b>(17,431)</b>	<b>(167,903)</b>	<b>149</b>	<b>(6,428)</b>
Investment component	119,560	-	(119,560)	-	-	-
<i>Cash flows</i>						
Contribution received	(420,638)	-	-	-	-	(420,638)
Claims and other directly attributable expenses paid	-	-	136,055	167,468	-	303,523
Takaful acquisition cash flows	98,059	-	-	-	-	98,059
<b>Total cash flows</b>	<b>(322,579)</b>	<b>-</b>	<b>136,055</b>	<b>167,468</b>	<b>-</b>	<b>(19,056)</b>
<b>Takaful contracts liabilities at end of period</b>	<b>(1,990,035)</b>	<b>(9,943)</b>	<b>(119,372)</b>	<b>(425,973)</b>	<b>(16,787)</b>	<b>(2,562,111)</b>
Takaful contracts that are liabilities at end of period	(1,997,704)	(9,943)	(119,372)	(425,973)	(16,787)	(2,569,780)
Takaful contracts that are assets at end of period	7,669	-	-	-	-	7,669
<b>Takaful contract net position at end of period</b>	<b>(1,990,035)</b>	<b>(9,943)</b>	<b>(119,372)</b>	<b>(425,973)</b>	<b>(16,787)</b>	<b>(2,562,111)</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)**

**Reconciliation of the retakaful asset for remaining coverage (ARC) & asset for incurred claims for takaful contracts (AIC) as on 31 March 2024 (unaudited)**

Amount in AED'000	<i>Remaining Coverage</i>		<i>Incurred claims</i>			<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss recovery component</i>	<i>LIC for contracts not under under PAA</i>	<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Reinsurance contracts held that are liabilities at beginning of period	(162,050)	-	-	-	-	(162,050)
Retakaful contracts held that are assets at beginning of period	13,049	1,455	68,505	255,218	10,235	348,462
<b>Retakaful contract net position at beginning of period</b>	<b>(149,000)</b>	<b>1,455</b>	<b>68,505</b>	<b>255,218</b>	<b>10,235</b>	<b>186,413</b>
Retakaful expenses	(104,617)	-	-	-	-	(104,617)
Incurred claims recovery	-	-	5,830	96,571	3,172	105,574
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	-	(11,571)	(3,222)	(14,792)
Income on initial recognition of onerous underlying contracts	-	(214)	-	-	-	(214)
Reversal of a loss-recovery component other than changes in the FCF of retakaful contracts held	1	(761)	-	-	-	(759)
Effect of changes in risk of reinsurers' non-performance	-	-	(317)	(354)	-	(671)
<b>Net income/(expenses) from retakaful contracts held</b>	<b>(104,616)</b>	<b>(975)</b>	<b>5,514</b>	<b>84,646</b>	<b>(50)</b>	<b>(15,481)</b>
Finance income from retakaful contracts held	(10,126)	-	1,066	6,035	242	(2,783)
Forex adjustment to comprehensive income	(3,068)	(93)	-	(9,634)	(446)	(13,241)
<b>Total amounts recognised in profit or loss and other comprehensive income</b>	<b>(117,810)</b>	<b>(1,068)</b>	<b>6,579</b>	<b>81,048</b>	<b>(253)</b>	<b>(31,504)</b>
<i>Cash flows</i>						
Contribution paid net of ceding commissions and other directly attributable expenses	134,279	-	-	-	-	134,279
Recoveries from retakaful	-	-	(12,816)	(76,495)	-	(89,311)
<b>Total cash flows</b>	<b>134,279</b>	<b>-</b>	<b>(12,816)</b>	<b>(76,495)</b>	<b>-</b>	<b>44,968</b>
<b>Retakaful contracts held assets/ (liabilities) at end of period</b>	<b>(132,531)</b>	<b>388</b>	<b>62,268</b>	<b>259,770</b>	<b>9,981</b>	<b>199,876</b>
Retakaful contracts held that are liabilities at end of period	(142,940)	-	-	-	-	(142,940)
Retakaful contracts held that are assets at end of period	10,409	388	62,268	259,770	9,981	342,817
<b>Retakaful contract net position at end of period</b>	<b>(132,531)</b>	<b>388</b>	<b>62,268</b>	<b>259,770</b>	<b>9,981</b>	<b>199,876</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)**

**Reconciliation of the Takaful liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as on 31 December 2023 (audited)**

Amount in AED'000	<i>Liability for remaining coverage</i>		<i>Liability for incurred claims (PAA)</i>			
	<i>Excluding loss component</i>	<i>Loss component</i>	<i>LIC for contracts not under under PAA</i>	<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	<i>Total</i>
Takaful contracts that are liabilities at beginning of year	(1,873,636)	(3,298)	(119,778)	(356,322)	(13,326)	(2,366,360)
Takaful contracts that are assets at beginning of year	-	-	-	-	-	-
<b>Takaful contracts liabilities at beginning of year</b>	<b>(1,873,636)</b>	<b>(3,298)</b>	<b>(119,778)</b>	<b>(356,322)</b>	<b>(13,326)</b>	<b>(2,366,360)</b>
Takaful revenue	1,111,005	-	-	-	-	1,111,005
Incurred claims and other directly attributable expenses	-	-	(70,103)	(728,159)	(8,407)	(806,669)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	(3,312)	5,180	1,868
Losses on onerous contracts and reversals of those losses	-	(6,844)	-	-	-	(6,844)
Insurance acquisition cash flows amortisations	(197,351)	-	-	-	-	(197,351)
<b>Takaful service expenses</b>	<b>(197,351)</b>	<b>(6,844)</b>	<b>(70,103)</b>	<b>(731,471)</b>	<b>(3,227)</b>	<b>(1,008,996)</b>
<b>Takaful service result</b>	<b>913,654</b>	<b>(6,844)</b>	<b>(70,103)</b>	<b>(731,471)</b>	<b>(3,227)</b>	<b>102,009</b>
Finance expense from insurance contracts issued recognised	(203,471)	-	(3,922)	(20,318)	(775)	(228,486)
Forex adjustment to comprehensive income	(2,030)	4	-	14,944	392	13,311
<b>Total amounts recognised in profit or loss and other comprehensive income</b>	<b>708,153</b>	<b>(6,839)</b>	<b>(74,025)</b>	<b>(736,844)</b>	<b>(3,611)</b>	<b>(113,166)</b>
Investment component	440,796	-	(440,796)	-	-	-
Premium received	(1,460,159)	-	-	-	-	(1,460,159)
Claims and other directly attributable expenses paid	-	-	516,163	667,629	-	1,183,792
Insurance acquisition cash flows	219,265	-	-	-	-	219,265
<b>Total cash flows</b>	<b>(1,240,894)</b>	<b>-</b>	<b>516,163</b>	<b>667,629</b>	<b>-</b>	<b>(57,102)</b>
<b>Takaful contracts liabilities at end of year</b>	<b>(1,965,580)</b>	<b>(10,137)</b>	<b>(118,436)</b>	<b>(425,538)</b>	<b>(16,936)</b>	<b>(2,536,627)</b>
Takaful contracts that are liabilities at end of year	(1,972,381)	(10,137)	(118,436)	(425,538)	(16,936)	(2,543,428)
Takaful contracts that are assets at end of year	6,801	-	-	-	-	6,801
<b>Takaful contract net position at end of year</b>	<b>(1,965,580)</b>	<b>(10,137)</b>	<b>(118,436)</b>	<b>(425,538)</b>	<b>(16,936)</b>	<b>(2,536,627)</b>



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)**

**Reconciliation of the retakaful asset for remaining coverage (ARC) & asset for incurred claims for insurance contracts (AIC) as on 31 December 2023 (audited)**

Amount in AED'000	<i>Remaining Coverage</i>		<i>LIC for contracts not under under PAA</i>	<i>Incurred claims</i>		<i>Total</i>
	<i>Excluding loss component</i>	<i>Loss recovery component</i>		<i>Present value of future cash flows</i>	<i>Risk adjustment for non-financial risk</i>	
Retakaful contracts held that are liabilities at beginning of year	(185,201)	-	-	-	-	(185,201)
Retakaful contracts held that are assets at beginning of year	25,510	1,466	59,072	188,276	7,522	281,846
<b>Retakaful contract net position at beginning of year</b>	<b>(159,691)</b>	<b>1,466</b>	<b>59,072</b>	<b>188,276</b>	<b>7,522</b>	<b>96,645</b>
Retakaful expenses	(376,567)	-	-	-	-	(376,567)
Amortisation of Insurance acquisition cash flows-	-	-	-	-	-	-
Incurred claims recovery	-	-	21,310	266,650	4,513	292,472
Changes that relate to past service-changes in the FCF relating to incurred claims recovery-	-	-	-	30,702	(2,106)	28,597
Income on initial recognition of onerous underlying contracts	-	1,437	-	-	-	1,437
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	(1,449)	-	-	-	(1,449)
Effect of changes in risk of reinsurers' non-performance	-	-	(388)	14	-	(374)
<b>Net income/(expenses) from reinsurance contracts held</b>	<b>(376,567)</b>	<b>(13)</b>	<b>20,922</b>	<b>297,366</b>	<b>2,407</b>	<b>(55,885)</b>
Finance income from reinsurance contracts held	(6,790)	-	1,114	11,845	560	6,729
Forex adjustment to comprehensive income	(1,421)	2	-	(5,086)	(255)	(6,759)
<b>Total amounts recognised in profit or loss and Other comprehensive income</b>	<b>(384,778)</b>	<b>(10)</b>	<b>22,036</b>	<b>304,125</b>	<b>2,713</b>	<b>(55,915)</b>
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses	395,469	-	-	-	-	395,469
Recoveries from retakaful	-	-	(12,603)	(237,183)	-	(249,786)
<b>Total cash flows</b>	<b>395,469</b>	<b>-</b>	<b>(12,603)</b>	<b>(237,183)</b>	<b>-</b>	<b>145,683</b>
<b>Retakaful contracts held assets/ (liabilities) at end of year</b>	<b>(149,000)</b>	<b>1,455</b>	<b>68,505</b>	<b>255,218</b>	<b>10,235</b>	<b>186,413</b>
Retakaful contracts held that are liabilities at end of year	(162,050)	-	-	-	-	(162,050)
Retakaful contracts held that are assets at end of year	13,049	1,455	68,505	255,218	10,235	348,462
<b>Reinsurance contract net position at end of year</b>	<b>(149,000)</b>	<b>1,455</b>	<b>68,505</b>	<b>255,218</b>	<b>10,235</b>	<b>186,413</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Takaful Contract Liabilities reconciliation of the best estimate liability, risk adjustment and contractual service margin as at 31 March 2024 (unaudited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	(1,579,229)	(43,722)	(438,733)	(2,061,684)
<b>Takaful contracts liabilities at beginning of period</b>	<b>(1,579,229)</b>	<b>(43,722)</b>	<b>(438,733)</b>	<b>(2,061,684)</b>
<b>Changes related to current services</b>				
CSM recognized in profit or loss	542	-	14,363	14,905
Risk Adjustment recognized in profit or loss	16	4,766	-	4,783
Experience adjustments	21,530	169	-	21,699
<b>Changes related to future services</b>				
Contracts initially recognized in the period	2,490	(303)	(2,337)	(150)
Changes in estimates that adjust CSM	(26,177)	(2,703)	28,861	(19)
Changes in estimates that result in onerous contracts or reversal of losses	(2,168)	-	-	(2,168)
Takaful finance expenses through profit or loss	12,037	(2,876)	(64,771)	(55,610)
Takaful finance expenses through OCI	(16,980)	930	5,053	(10,998)
<b>Total changes in statement of profit or loss and OCI</b>	<b>(8,710)</b>	<b>(18)</b>	<b>(18,831)</b>	<b>(27,559)</b>
Contribution received	(157,395)	-	-	(157,395)
Claims paid	136,055	-	-	136,055
Directly attributable expenses paid	5,102	-	-	5,102
Acquisition cost paid	(16,237)	-	-	(16,237)
<b>Total cash flows</b>	<b>40,026</b>	<b>-</b>	<b>-</b>	<b>40,026</b>
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,604,176)	(43,740)	(457,564)	(2,105,480)
<b>Takaful contract net position at end of period</b>	<b>(1,604,176)</b>	<b>(43,740)</b>	<b>(457,564)</b>	<b>(2,105,480)</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)

Reinsurance Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 March 2024 (unaudited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	-	-	-	-
Opening retakaful contract liabilities	(159,600)	37,277	33,606	(88,717)
<b>Retakaful contracts held assets/(liabilities) at beginning of period</b>	<b>(179,228)</b>	<b>31,884</b>	<b>43,056</b>	<b>(104,288)</b>
<b>Changes related to current services</b>				
CSM recognized in profit or loss	-	-	(1,030)	(1,030)
Risk Adjustment recognized in profit or loss	-	(1,143)	-	(1,143)
Experience adjustments	(1,009)	-	-	(1,009)
Changes in estimates that adjust CSM	907	(347)	(560)	-
Changes in the FCF that do not adjust the CSM for the group of underlying takaful contracts	-	-	1	1
Effect of changes in the risk of retakaful non-performance	(317)	-	-	(317)
Takaful finance expenses through profit or loss	(12,297)	2,430	807	(9,060)
Takaful finance expenses through OCI	(7,684)	(4,472)	10,626	(1,530)
<b>Total changes in statement of profit or loss and OCI</b>	<b>(20,400)</b>	<b>(3,531)</b>	<b>9,844</b>	<b>(14,087)</b>
Contribution paid to retakaful net of commission	35,065	-	-	35,065
Recoveries from retakaful	(12,816)	-	-	(12,816)
<b>Total cash flows</b>	<b>22,249</b>	<b>-</b>	<b>-</b>	<b>22,249</b>
Closing retakaful contract assets	56,037	5,744	606	62,386
Closing retakaful contract liabilities	(213,787)	28,002	42,845	(142,940)
<b>Retakaful contract net position at end of period</b>	<b>(157,750)</b>	<b>33,746</b>	<b>43,450</b>	<b>(80,555)</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)**

**Takaful Contract Liabilities reconciliation of the best estimate liability, risk adjustment and contractual service margin as at 31 December 2023 (audited)**

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
<b>Amounts in AED'000</b>				
Opening takaful contract assets	337,544	(25,714)	(320,779)	(8,948)
Opening takaful contract liabilities	(1,729,481)	(24,560)	(206,910)	(1,960,951)
<b>Takaful contracts liabilities at beginning of year</b>	<b>(1,391,936)</b>	<b>(50,274)</b>	<b>(527,689)</b>	<b>(1,969,899)</b>
Changes related to current services				
CSM recognized in profit and loss	-	-	65,935	65,935
Risk Adjustment recognized in profit and loss	-	8,137	-	8,137
Experience adjustments	7,355	(1,721)	-	5,634
Changes related to future services				
Contracts initially recognized in the period	7,162	(552)	(6,678)	(67)
Changes in estimates that adjust CSM	(180,460)	3,145	177,314	-
Changes in estimates that result in onerous contracts or reversal of losses	(3,244)	-	-	(3,244)
Takaful finance expenses through profit and loss	(56,988)	(2,789)	(147,615)	(207,393)
Takaful finance expenses through OCI	-	332	-	332
<b>Total changes in statement of profit or loss and OCI</b>	<b>(226,175)</b>	<b>6,552</b>	<b>88,956</b>	<b>(130,667)</b>
Premiums received	(506,195)	-	-	(506,195)
Claims paid	509,277	-	-	509,277
Directly attributable expenses paid	2,195	-	-	2,195
Acquisition cost paid	33,606	-	-	33,606
<b>Total cash flows</b>	<b>38,883</b>	<b>-</b>	<b>-</b>	<b>38,883</b>
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,579,229)	(43,722)	(438,733)	(2,061,684)
<b>Takaful contract net position at end of year</b>	<b>(1,579,229)</b>	<b>(43,722)</b>	<b>(438,733)</b>	<b>(2,061,684)</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**19 TAKAFUL AND RETAKAFUL CONTRACT ASSETS AND LIABILITIES (continued)**

**Retakaful Contract Assets reconciliation of the best estimate liability, risk adjustment and contractual service margin (non PAA) as at 31 December 2023 (audited)**

<b>Amounts in AED'000</b>	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	56,817	2,256	-	59,073
Opening retakaful contract liabilities	(236,045)	29,628	43,056	(163,361)
<b>Retakaful contracts held assets/(liabilities) at beginning of year</b>	<b>(179,228)</b>	<b>31,884</b>	<b>43,056</b>	<b>(104,288)</b>
Changes related to current services				
CSM recognized in profit or loss	-	-	(3,717)	(3,717)
Risk Adjustment recognized in profit or loss	-	(1,105)	-	(1,105)
Experience adjustments	(14,928)	-	-	(14,928)
Changes in estimates that adjust CSM	4,028	4,557	(8,620)	(35)
Effect of changes in the risk of reinsurers non-performance	(388)	-	-	(388)
Insurance finance expenses through profit or loss	(10,504)	1,941	2,887	(5,676)
<b>Total changes in statement of profit or loss and OCI</b>	<b>(21,793)</b>	<b>5,393</b>	<b>(9,450)</b>	<b>(25,849)</b>
Contribution paid to retakaful net of commission	54,024	-	-	54,024
Recoveries from retakaful	(12,603)	-	-	(12,603)
<b>Total cash flows</b>	<b>41,421</b>	<b>-</b>	<b>-</b>	<b>41,421</b>
Closing retakaful contract assets	68,794	10,120	(10,409)	68,505
Closing retakaful contract liabilities	(228,394)	27,157	44,015	(157,222)
<b>Retakaful contract net position at end of year</b>	<b>(159,600)</b>	<b>37,277</b>	<b>33,606</b>	<b>(88,717)</b>

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

#### 20 OPERATING SEGMENT

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

- Underwriting of general takaful business incorporating all classes of general takaful including fire, marine, motor, general accident, engineering, medical. This business is conducted in the UAE, Egypt and Algeria.
- Underwriting of life takaful business incorporating individual and group life takaful. This business is conducted in UAE and Egypt.

#### Consolidated statement of profit or loss by business

	<i>Three-month period ended 31 March 2024 (unaudited)</i>			<i>Three-month period ended 31 March 2023 (unaudited)</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>
Takaful revenue	215,486	55,988	271,474	211,738	53,500	265,238
Takaful service expenses	(216,864)	(36,618)	(253,482)	(202,585)	(22,689)	(225,274)
Net expenses from retakaful contracts held	(9,474)	(6,007)	(15,481)	(6,828)	(11,270)	(18,098)
<b>TAKAFUL SERVICE RESULT</b>	<b>(10,852)</b>	<b>13,363</b>	<b>2,511</b>	2,325	19,541	21,866
Investment and other income			108,984			72,766
Net Takaful expenses			(67,334)			(63,031)
Other operational expenses and tax			(26,580)			(23,564)
<b>Profit after tax</b>			<b>17,581</b>			<b>8,037</b>
<i>By geography</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>
Takaful revenue	218,707	52,767	271,474	48,354	216,884	265,238
Takaful service expenses	(195,516)	(57,966)	(253,482)	(55,463)	(169,811)	(225,274)
Net expenses from retakaful contracts held	(19,155)	3,674	(15,481)	4,801	(22,899)	(18,098)
<b>TAKAFUL SERVICE RESULT</b>	<b>4,036</b>	<b>(1,525)</b>	<b>2,511</b>	(2,308)	24,174	21,866
Investment and other income			108,984			72,766
Net Takaful finance expenses			(67,334)			(63,031)
Other operational expenses and tax			(26,580)			(23,564)
<b>Profit after tax</b>			<b>17,581</b>			<b>8,037</b>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**20 OPERATING SEGMENT (continued)**

*Statement of financial position by business as at 31 March 2024*

	<i>General takaful AED'000 (unaudited)</i>	<i>Family takaful AED'000 (unaudited)</i>	<i>Total AED'000 (unaudited)</i>
<b>Assets</b>			
Property and equipment	44,733	1,447	46,180
Goodwill and intangibles	67,139	423	67,562
Investment properties	140,791	-	140,791
Right of use assets	3,704	187	3,891
Investments in associates	35,352	-	35,352
Statutory deposits	175,458	81,342	256,800
Investments	357,583	28,998	386,581
Participants' investments in unit-linked contracts	-	2,079,995	2,079,995
Deposits with takaful and retakaful companies	692	-	692
Takaful contract assets	7,669	-	7,669
Retakaful contract assets	269,075	73,742	342,817
Other assets and receivables	58,547	34,115	92,662
Bank balances and cash	95,354	44,044	139,398
	<u>1,256,096</u>	<u>2,344,294</u>	<u>3,600,390</u>
<b>Liabilities and equity</b>			
Technical reserves	-	80,654	80,654
Takaful contract liabilities	452,891	2,116,889	2,569,780
Retakaful contract liabilities	-	142,940	142,940
Other payables and accruals	106,618	61,935	168,553
Lease liabilities	3,804	190	3,994
	<u>563,313</u>	<u>2,402,608</u>	<u>2,965,921</u>
Total liabilities	563,313	2,402,608	2,965,921
Total equity – (i)	692,783	(58,314)	634,469
	<u>1,256,096</u>	<u>2,344,294</u>	<u>3,600,390</u>
<b>Total Liabilities and equity</b>			
	<u>1,256,096</u>	<u>2,344,294</u>	<u>3,600,390</u>
<b>Total equity – (i)</b>			
Equity attributable to the owners of the Company			575,456
Non-controlling interest			59,013
			<u>634,469</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**20 OPERATING SEGMENT (continued)**

*Statement of financial position by business as at 31 December 2023*

	<i>General takaful</i> <i>AED'000</i> <i>(audited)</i>	<i>Family takaful</i> <i>AED'000</i> <i>(audited)</i>	<i>Total</i> <i>AED'000</i> <i>(audited)</i>
<b>Assets</b>			
Property and equipment	45,653	1,729	47,382
Goodwill and intangibles	67,410	606	68,016
Investment properties	145,376	-	145,376
Right of use assets	4,223	372	4,595
Investments in associates	35,352	-	35,352
Statutory deposits	191,704	91,822	283,526
Investments	347,584	46,478	394,062
Participants' investments in unit-linked contracts	-	2,020,883	2,020,883
Deposits with takaful and retakaful companies	974	-	974
Takaful contract assets	6,801	-	6,801
Retakaful contract assets	269,639	78,823	348,462
Other assets and receivables	55,900	58,133	114,033
Bank balances and cash	95,857	48,322	144,179
	<u>1,266,473</u>	<u>2,347,168</u>	<u>3,613,641</u>
<b>Liabilities and equity</b>			
Technical reserves	-	77,160	77,160
Takaful contract Liabilities	466,339	2,077,089	2,543,428
Retakaful contract Liabilities	4,828	157,222	162,050
Other payables and accruals	63,952	105,146	169,098
Lease liabilities	4,313	382	4,695
	<u>539,432</u>	<u>2,416,999</u>	<u>2,956,431</u>
Total liabilities	539,432	2,416,999	2,956,431
Total equity – (i)	727,041	(69,831)	657,210
	<u>1,266,473</u>	<u>2,347,168</u>	<u>3,613,641</u>
<b>Total Liabilities and equity</b>			
	<u>1,266,473</u>	<u>2,347,168</u>	<u>3,613,641</u>
<b>Total equity – (i)</b>			
Equity attributable to the owners of the Company			587,975
Non-controlling interest			69,235
			<u>657,210</u>



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**21 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.

*31 March 2024 (unaudited)*

	<i>FVTPL</i> <i>AED'000</i>	<i>FVOCI</i> <i>AED'000</i>	<i>Amortised cost</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<b>Financial assets</b>				
Investments	500	83,026	303,055	386,581
Statutory deposits	-	-	256,800	256,800
Deposits with takaful and retakaful companies	-	-	692	692
Other assets and receivables	-	-	77,910	77,910
Bank balances and cash	-	-	139,398	139,398
	<u>500</u>	<u>83,026</u>	<u>777,855</u>	<u>861,381</u>
<b>Financial liabilities</b>				
Other payables and accruals	-	-	91,473	91,473
Lease liabilities	-	-	3,994	3,994
	<u>-</u>	<u>-</u>	<u>95,467</u>	<u>95,467</u>

*31 December 2023 (audited)*

	<i>FVTPL</i> <i>AED'000</i>	<i>FVOCI</i> <i>AED'000</i>	<i>Amortised cost</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<b>Financial assets</b>				
Investments	323	84,460	309,279	394,062
Statutory deposits	-	-	283,526	283,526
Deposits with takaful and retakaful companies	-	-	974	974
Other assets and receivables	-	-	62,179	62,179
Bank balances and cash	-	-	145,807	145,807
	<u>323</u>	<u>84,460</u>	<u>801,765</u>	<u>886,548</u>
<b>Financial liabilities</b>				
Other payables and accruals	-	-	91,226	91,226
Lease liabilities	-	-	4,695	4,695
	<u>-</u>	<u>-</u>	<u>95,921</u>	<u>95,921</u>

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

#### 22 CAPITAL RISK MANAGEMENT

The solvency regulations identify the required Solvency Margin to be held on consolidated basis in addition to insurance liabilities.

The Solvency Margin (presented in the table below on consolidated basis) must be maintained at all times throughout the year/period. The Group is subject to solvency regulations which it has complied with during the period. The Company has incorporated in its policies and procedures the necessary procedures 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 at the Company level to meet the required Solvency Margins in line with the requirements of the Central Bank of UAE. The Group has disclosed the preliminary solvency position as of 31 March 2024 as following:

	<i>31 March 2024 AED'000</i>	<i>31 December 2023 AED'000</i>
Minimum Capital Requirement (MCR)	<b>100,000</b>	100,000
Solvency Capital Requirement (SCR)	<b>285,524</b>	277,592
Minimum Guarantee Fund (MGF)	<b>151,369</b>	156,485
Basic Own Funds	<b>78,100</b>	111,248
Ancillary Own Funds	<b>118,100</b>	140,000
MCR Solvency Margin - surplus/(deficit)	-	11,248
SCR Solvency Margin - surplus/(deficit)	<b>(126,474)</b>	(96,344)
MGF Solvency Margin - surplus/(deficit)	<b>7,681</b>	24,763
Subordinated liabilities (limited)	<b>21,900</b>	-

#### 23 ACQUISITION OF TAKAFUL PORTFOLIO

On 28th December 2022, The Board approved the endorsement made by the Investment committee regarding the acquisition of the non-life portfolio from Dubai Islamic Insurance and Reinsurance Company – AMAN PJSC (Aman) of a portion of Aman's general, motor, medical, and group family Takaful (the takaful alternative to group life insurance) portfolios. Purchase consideration will be AED 15 million subject to customary adjustments and regulatory approvals. The portfolio will add synergies to Salama's existing offering and create value for the shareholders, by expanding its market leading position. The transaction is not expected to have any impact on the rights of Salama's shareholders. The discussions between the parties are at the final stage, subject to signing of binding agreements and obtaining necessary approvals (including Sharia approvals and regulatory approvals). The targeted execution date of the transaction is during the year ending 31 December 2024, subject to obtaining all approvals (including Sharia approvals and regulatory approvals) and completion of all necessary transfer of the portfolio as planned and agreed between the two companies.

#### 24 INCOME TAXES

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group entities operate in the Egypt and Algeria and are subject to income tax in these countries. Tax charge for UAE operations is AED nil for the three months period ended 31 March 2024.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2024 (unaudited)

**24 INCOME TAXES (continued)**

The component of income tax recognised in the consolidated statement of profit or loss is as follows.

	<i>March 2024 AED'000 (unaudited)</i>	<i>March 2023 AED'000 (unaudited)</i>
Current income tax expense	2,403	3,822
Deferred taxes	4,556	-
	<u>6,959</u>	<u>3,822</u>

Reconciliation of tax expenses and accounting profit is not provided as majority of the earnings are not subject to tax.

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
<b><i>Current Tax payable</i></b>		
As at 1 January	16,038	6,146
Provisions during the period/year	2,403	15,360
Less: payments	-	(5,100)
Exchange differences	(1,538)	(368)
<b>Balance as at the end of the period/year</b>	<u>16,903</u>	<u>16,038</u>

	<i>31 March 2024 AED'000 (unaudited)</i>	<i>31 December 2023 AED'000 (audited)</i>
<b><i>Deferred Tax Assets</i></b>		
As at 1 January	5,200	4,980
Provisions during the period/year	-	100
Exchange differences	(33)	120
<b>Balance as at the end of the period/year</b>	<u>5,167</u>	<u>5,200</u>

<b><i>Deferred Tax Liabilities</i></b>		
As at 1 January	121	102
Provisions during the period/year	4,556	37
Exchange differences	(42)	(18)
<b>Balance as at the end of the period/year</b>	<u>4,635</u>	<u>121</u>

**25 SUBSEQUENT EVENTS**

In the annual general assembly meeting held on 25 April 2024, the shareholders have approved the Directors' remuneration of AED 1,377 thousand. No dividend was approved for the year ended 31 December 2023.

On 16 April 2024, UAE witnessed unprecedented heavy rainfall causing widespread disruption across the country. Management is currently engaged with customers and partners to evaluate overall impact of the flooding on the Group and continue to monitor the situation closely and remain vigilant in assessing any potential changes in the coming periods.

**26 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 14 May 2024.