

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

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

31 MARCH 2025 (UNAUDITED)

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For three-month period ended 31 March 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE 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 2025 which comprise the interim consolidated statement of financial position as at 31 March 2025 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young Middle East Dubai Branch



Ashraf Abu-Sharkh
Registration No. 690

14 May 2025

Dubai, United Arab Emirates

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

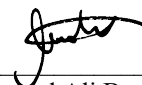
As at 31 March 2025 (unaudited)

		31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (Audited)
	<i>Notes</i>		
ASSETS			
Property and equipment		46,612	46,721
Goodwill and intangibles		66,957	67,188
Investment properties	7	49,206	48,840
Right-of-use assets		6,011	6,525
Investment in associate	8	36,718	35,885
Statutory deposits	18	305,956	298,841
Investments	9	209,876	222,742
Participants' investments in unit-linked contracts	9	1,851,894	1,919,837
Deposits with takaful and retakaful companies		753	748
Retakaful contract assets	19	414,825	470,860
Other assets and receivables	17	30,095	39,996
Bank balances and cash	16	145,585	148,773
TOTAL ASSETS		3,164,488	3,306,956
LIABILITIES AND EQUITY			
LIABILITIES			
Family takaful reserve		75,848	71,846
Takaful contract liabilities	19	2,471,353	2,595,416
Retakaful contract liabilities	19	122,228	121,544
Other payables and accruals		150,504	177,567
Lease liabilities		6,103	6,203
Total liabilities		2,826,036	2,972,576
EQUITY			
Share capital	11	939,589	939,589
Treasury shares	12	(35,972)	(35,972)
Statutory reserve	13	4,124	4,124
Other reserves	14	(175,958)	(179,832)
Accumulated losses		(445,353)	(443,861)
Equity attributable to owners of the Company		286,430	284,048
Non-controlling interest		52,022	50,332
Total equity		338,452	334,380
TOTAL LIABILITIES AND EQUITY		3,164,488	3,306,956

Signed by:



811AB016E3G5452
Fahad Abdulqader Alqassim
Chairman of the Board of Directors



Mohamed Ali Bouabane
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 2025 (unaudited)

		<i>Three-month period ended</i>	
		<i>31 March</i>	<i>31 March</i>
		<i>2025</i>	<i>2024</i>
		<i>AED'000</i>	<i>AED'000</i>
	<i>Notes</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Takaful revenue	19	256,362	271,474
Takaful service expenses	19	(183,795)	(253,482)
Net expenses from retakaful contracts held	19	(65,413)	(15,481)
TAKAFUL SERVICE RESULT		7,154	2,511
Policyholders' investment (loss)/ income	9.2	(10,117)	74,675
Shareholders' investment income	9.2	11,510	12,585
NET INVESTMENT RESULT		1,393	87,260
Takaful finance income/ (expense) for takaful contracts issued	19	4,741	(64,551)
Retakaful finance income/ (expense) for retakaful contracts held	19	5,198	(2,783)
NET TAKAFUL FINANCE INCOME/ (EXPENSE)		9,939	(67,334)
NET TAKAFUL AND INVESTMENT RESULT		18,486	22,437
Other operating income		1,407	21,724
Other operating expenses		(16,372)	(18,316)
Provision for expected credit losses		(91)	(1,305)
PROFIT BEFORE TAX		3,430	24,540
Income tax for the period	23	(3,045)	(6,959)
PROFIT FOR THE PERIOD		385	17,581
Attributable to:			
Shareholders		(974)	10,116
Non-controlling interests		1,359	7,465
		385	17,581
Basic and diluted earnings per share (AED)	15	(0.001)	0.011

The attached notes 1 to 25 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 2025 (unaudited)

	<i>Three-month period ended</i>	
	<i>31 March 2025</i>	<i>31 March 2024</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the period	385	17,581
OTHER COMPREHENSIVE INCOME		
<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)	(470)	(150)
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>		
Share of other comprehensive income of associate	605	-
Foreign currency adjustments from translation of foreign operations	3,552	(40,493)
Other comprehensive income/ (loss) for the period	3,687	(40,643)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	4,072	(23,062)
Attributable to:		
Shareholders	2,382	(12,519)
Non-controlling interests	1,690	(10,543)
	4,072	(23,062)

The attached notes 1 to 25 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 2025 (unaudited)

	<i>Share capital</i> <i>AED'000</i>	<i>Statutory reserve</i> <i>AED'000</i>	<i>Revaluation reserve</i> <i>AED'000</i>	<i>Foreign exchange translation reserve</i> <i>AED'000</i>	<i>Investment fair value reserve</i> <i>AED'000</i>	<i>Treasury shares</i> <i>AED'000</i>	<i>Accumulated losses</i> <i>AED'000</i>	<i>Regulatory reserve</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>	<i>Non- controlling interest</i> <i>AED'000</i>	<i>Total equity</i> <i>AED'000</i>
At 1 January 2025	939,589	4,124	34,118	(188,067)	(33,271)	(35,972)	(443,861)	7,388	284,048	50,332	334,380
Profit for the period	-	-	-	-	-	-	(974)	-	(974)	1,359	385
<i>Other comprehensive loss</i>											
Foreign currency adjustments from translation of foreign operations	-	-	-	3,221	-	-	-	-	3,221	331	3,552
Share of OCI of associates	-	-	-	-	605	-	-	-	605	-	605
Investments carried at FVTOCI net change in fair value	-	-	-	-	(470)	-	-	-	(470)	-	(470)
Other comprehensive income for the period	-	-	-	3,221	135	-	-	-	3,356	331	3,687
Total comprehensive income for the period	-	-	-	3,221	135	-	(974)	-	2,382	1,690	4,072
<i>Other movement in equity</i>											
Transfer to regulatory reserve	-	-	-	-	-	-	(518)	518	-	-	-
At 31 March 2025 (unaudited)	939,589	4,124	34,118	(184,846)	(33,136)	(35,972)	(445,353)	7,906	286,430	52,022	338,452

The attached notes 1 to 25 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 2025 (unaudited) (continued)

	Share capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign exchange translation reserve AED'000	Investment fair value reserve AED'000	Treasury shares AED'000	Accumulated losses AED'000	Regulatory reserve AED'000	Total AED'000	Non- controlling interest AED'000	Total equity AED'000
At 1 January 2024	939,589	2,815	34,118	(163,767)	(30,397)	(35,972)	(452,391)	5,513	299,508	69,235	368,743
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	-	-	-	-	-	-	(492)	492	-	-	-
At 31 March 2024 (unaudited)	939,589	2,815	34,118	(186,252)	(30,547)	(35,972)	(442,767)	6,005	286,989	59,013	346,006

The attached notes 1 to 25 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 2025 (unaudited)

		Three-month period ended	
	Notes	31 March 2025 AED'000 (unaudited)	31 March 2024 AED'000 (unaudited)
OPERATING ACTIVITIES			
Net profit before tax		3,429	24,540
Adjustments for:			
Depreciation on property and equipment		897	767
Depreciation on right of use assets		483	504
Amortisation of intangible assets		457	440
Share of profit from associate	8	(228)	-
Unrealised gain on investment	9.2	(21)	(177)
Allowance for expected credit losses		91	1,305
Operating cash flows before changes in operating assets and liabilities		5,108	27,379
Decrease in deposits with takaful and retakaful companies		(5)	282
Changes in takaful contract assets		-	(1,168)
Change in retakaful contract assets		56,035	5,645
Changes in takaful contract liabilities		(124,063)	26,352
Change in retakaful contract liabilities		684	(19,110)
Change in other assets and receivables		9,901	21,371
Change in family reserves		4,002	3,494
Change in other payables		(27,063)	(545)
Income tax paid		-	(6,959)
Net foreign exchange difference		3,552	(40,493)
Net cash generated (used in)/ from operating activities		(71,849)	16,248
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment - net		(123)	(17)
Purchase of intangible assets - net		(5)	-
Net movement in statutory deposits		(7,115)	26,726
Repayment of principal and finance cost on lease liability		(100)	(701)
Change in Investments - net		8,061	11,766
Net movement in Participants' investments in unit-linked contracts		67,943	(59,112)
Change in term deposits under lien		3,590	(7)
Cash generated from/ (used in) investing activities		72,251	(21,345)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in non-controlling interest		-	321
Cash generated from financing activities		-	321
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		402	(4,776)
Cash and cash equivalents at 1 January		135,730	125,080
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 16)		136,132	120,304

The attached notes 1 to 25 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 2025 (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:

<i>Subsidiaries</i>	<i>Principal activities</i>	<i>Group's ownership</i>		<i>Country of incorporation</i>
		<i>2025</i>	<i>2024</i>	
<i>Directly owned</i>				
Tariic Holding Company B.S.C	No takaful operations	99.40%	99.40%	Kingdom of Bahrain
Misr Emirates Takaful Life Insurance Co.	Family Takaful	85.19%	85.19%	Egypt
Salama Immobilier	No takaful operations	84.25%	84.25%	Senegal
Salama Takaful Insurance – Egypt (formerly “Egyptian Saudi Insurance House”)	General Takaful	51.15%	51.15%	Egypt
<i>Through Tariic</i>				
Salama Assurances Algeria	General Takaful	96.98%	96.98%	Algeria

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 2024, except for the adoption of new standards effective as of 1 January 2025. 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 2025, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Lack of exchangeability – Amendments to IAS 21

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 interim condensed consolidated 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:

- Financial assets at fair value through other comprehensive income ("FVOCI");
- Financial assets at fair value through profit or loss ("FVTPL");
- Investment properties at fair value through profit or loss; and
- Owned property and buildings at fair value through revaluation model.

3 BASIS OF PREPARATION (continued)

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 2024.

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 2024, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 do 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 2024. 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.

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 2025 (unaudited)

7 INVESTMENT PROPERTIES

The geographic dispersion of investment properties is as follows.

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Within UAE	14,000	14,000
Outside UAE	35,206	34,840
	49,206	48,840

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 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 methods. 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 administrator, and the rental income received from these properties are being set off with the administrative fees.

Movement during the period/year is as follows:

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Balance at 1 January	48,840	60,419
Addition	-	21
Unrealized gain on investment properties	-	4,502
Disposal	-	(11,006)
Currency translation impact	366	(5,096)
	49,206	48,840

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 2025 of the associate.

Results for the period ended 31 March 2025 of the associate:				31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
Associates	Ownership 2025	2024	Country of incorporation		
The Islamic Insurance	20%	20%	Jordan	36,718	35,885
				31 March 2025 AED'000 (unaudited)	31 March 2024 AED'000 (unaudited)
Movement during the period					
Balance at 1 January				35,885	35,352
Share of profit from associate (note 9.2)				228	-
Share of other comprehensive income				605	-
				36,718	35,352

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 2025 (unaudited)

9 INVESTMENTS

	<i>31 March 2025 (unaudited)</i>			<i>31 December 2024 (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>
(a) Financial assets at fair value through profit or loss						
Shares and securities	351	605	956	-	723	723
(b) Fair Value through Other comprehensive Income						
Mutual fund and externally managed portfolios	4,640	75,327	79,967	4,640	75,659	80,299
Shares and securities		971	971	-	959	959
Less: allowance for expected credit losses	(1,066)	(58,245)	(59,311)	(1,066)	(58,245)	(59,311)
	3,574	18,053	21,627	3,574	18,373	21,947
(c) At amortized cost						
Sukuk and Government bonds	8,594	120,595	129,189	8,594	75,097	83,691
Wakalah certificates	54,094	-	54,094	54,094	-	54,094
Other Mudariba investments	-	65,738	65,738	-	65,738	65,738
Islamic placements	-	113,336	113,336	-	171,613	171,613
Less: allowance for expected credit losses	(54,609)	(120,455)	(175,064)	(54,609)	(120,455)	(175,064)
	8,079	179,214	187,293	8,079	191,993	200,072
	12,004	197,872	209,876	11,653	211,089	222,742
Quoted	351	605	956	-	723	723
Unquoted	11,653	197,267	208,920	11,653	210,366	222,019
	12,004	197,872	209,876	11,653	211,089	222,742

9 INVESTMENTS (continued)

9.1 Participants' investments in unit-linked contracts

	<i>31 March 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
Financial asset at fair value through P&L	1,851,894	1,919,837

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 2025 (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				
Shares and securities	956	-	-	956
Unit Linked investments	-	1,851,894	-	1,851,894
	<u>956</u>	<u>1,851,894</u>	<u>-</u>	<u>1,852,850</u>
Fair value through other comprehensive income				
Mutual fund	-	-	79,967	79,967
Shares and securities	-	971	-	971
Less: provision for credit losses	-	-	(59,311)	(59,311)
	<u>-</u>	<u>971</u>	<u>20,656</u>	<u>21,627</u>
Non-financial assets				
Investment properties	-	-	49,206	49,206

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 2025 (unaudited)

9 INVESTMENTS (continued)

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

As at 31 December 2024 (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				
Financial asset at fair value through profit or loss				
Shares and securities	723	-	-	723
Unit Linked investments	-	1,919,837	-	1,919,837
	<u>723</u>	<u>1,919,837</u>	<u>-</u>	<u>1,920,560</u>
Financial asset at fair value through OCI				
Mutual fund	-	-	80,299	80,299
Shares and securities	-	959	-	959
Less: provision for credit losses	-	-	(59,311)	(59,311)
	<u>-</u>	<u>959</u>	<u>20,988</u>	<u>21,947</u>
Non-financial assets				
Investment properties	-	-	48,840	48,840
	<u>-</u>	<u>-</u>	<u>48,840</u>	<u>48,840</u>

9.2 Investment income

	<i>31 March 2025 AED'000 (unaudited)</i>	<i>31 March 2024 AED'000 (unaudited)</i>
<i>Policyholders' income</i>		
Unrealised (loss)/ gain on unit-linked portfolio	(10,131)	74,660
Income from bank deposits	14	15
	<u>(10,117)</u>	<u>74,675</u>
<i>Shareholders' income</i>		
Unrealised gain on investment at FVTPL	21	177
Realised gain on investment	-	1,254
Income on deposits and wakala certificates	11,054	10,958
Share of profit from associates (note 8)	228	-
Others	207	196
	<u>11,510</u>	<u>12,585</u>
	<u>1,393</u>	<u>87,260</u>

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 2025 AED'000 (unaudited)</i>	<i>March 2024 AED'000 (unaudited)</i>
<i>Compensation of key management personnel</i>		
Short term benefits	<u>1,056</u>	<u>1,048</u>
Employees end of service benefits	<u>27</u>	<u>11</u>

11 SHARE CAPITAL

	<i>31 March 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
<i>Issued and fully paid</i>		
(939.589 million (2024: 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 35,972 thousand. The treasury shares are debited as a separate category of shareholders' equity at cost. During the year ended 31 December 2023, due to the cancellation of share capital the treasury shares were reduced to 16,830,489 ordinary shares.

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 include following:

	<i>31 March 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
Revaluation reserve	34,118	34,118
Foreign exchange translation reserve	(184,846)	(188,067)
Investment fair value reserve	(33,136)	(33,271)
Regulatory reserve – UAE operations	7,906	7,388
	<u>(175,958)</u>	<u>(179,832)</u>

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

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15 BASIC AND DILUTED EARNINGS PER SHARE

	<i>Three-month period ended</i>	
	<i>31 March 2025</i>	<i>31 March 2024</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
(Loss)/ Profit for the period attributable to shareholders (AED'000)	(974)	10,116
Weight Average Number of shares (in thousands)	922,759	922,759
Basic and diluted earnings per share (AED)	(0.001)	0.011

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.

16 CASH AND CASH EQUIVALENTS

	<i>31 March 2025</i>	<i>31 December 2024</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Cash in hand	96	84
Cash at bank	136,128	139,328
Term deposits	11,014	11,014
Less: provision for expected credit losses	(1,653)	(1,653)
	145,585	148,773
Less: term deposits under lien (note 18)	(5,122)	(8,712)
Less: term deposits with maturity after three months	(4,331)	(4,331)
Cash and cash equivalents	136,132	135,730

17 OTHER ASSETS AND RECEIVABLES

	<i>31 March 2025</i>	<i>31 December 2024</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Profit receivable	27,786	27,786
Deferred tax (note 24)	5,265	5,166
Others	49,187	59,187
Less: provision for credit losses	(52,143)	(52,143)
	30,095	39,996

18 COMMITMENTS AND CONTINGENCIES

	<i>31 March 2025 AED'000 (unaudited)</i>	<i>31 December 2024 AED'000 (audited)</i>
Letter of Guarantees in favor of		
Central Bank of UAE	210,000	210,000
Other letter of guarantees	5,327	8,713
	215,327	218,713

Statutory Deposits of AED 305,956 thousand (31 Dec 2024: AED 298,841 thousand) includes deposits amounting to AED 70,000 thousand (31 December 2024: AED 70,000 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 5,122 thousand (2024: 8,713 thousand) which is held as lien by the bank.

Ongoing legal case

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 outcome 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 2025 (2024: AED 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 2025 (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 2025 (unaudited)

Amount in AED'000	<i>Liability for remaining coverage</i>		<i>LIC for contracts not under 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	(1,947,336)	(28,850)	(121,634)	(477,554)	(20,042)	(2,595,416)
Takaful contracts that are assets at beginning of period	-	-	-	-	-	-
Takaful contracts liabilities at beginning of period	(1,947,336)	(28,850)	(121,634)	(477,554)	(20,042)	(2,595,416)
Takaful revenue	256,362	-	-	-	-	256,362
Incurred claims and other directly attributable expenses	-	(2,814)	5,723	(154,794)	(4,104)	(155,989)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	33,446	2,941	36,387
Losses on onerous contracts and reversals of those losses	-	(6,288)	-	-	-	(6,288)
Takaful acquisition cash flows amortisations	(57,905)	-	-	-	-	(57,905)
Takaful service expenses, net	(57,905)	(9,102)	5,723	(121,348)	(1,163)	(183,795)
Takaful service result, net	198,457	(9,102)	5,723	(121,348)	(1,163)	72,567
Finance expense from takaful contracts issued recognised	10,139	(93)	(502)	(4,624)	(179)	4,741
Forex adjustment to comprehensive income	208	-	-	(1,395)	(46)	(1,233)
Total amounts recognised in profit or loss and other comprehensive income	208,804	(9,195)	5,221	(127,367)	(1,388)	76,075
Investment component	119,264	-	(119,264)	-	-	-
<i>Cash flows</i>						
Contribution received	(331,994)	-	-	-	-	(331,994)
Claims and other directly attributable expenses paid	-	-	133,891	180,527	-	314,418
Takaful acquisition cash flows	65,564	-	-	-	-	65,564
Total cash flows	(266,430)	-	133,891	180,527	-	47,988
Takaful contracts liabilities at end of period	(1,885,698)	(38,045)	(101,786)	(424,394)	(21,430)	(2,471,353)
Takaful contracts that are liabilities at end of period	(1,885,698)	(38,045)	(101,786)	(424,394)	(21,430)	(2,471,353)
Takaful contracts that are assets at end of period	-	-	-	-	-	-
Takaful contract net position at end of period	(1,885,698)	(38,045)	(101,786)	(424,394)	(21,430)	(2,471,353)

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 2025 (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 2025 (unaudited)

Amount in AED'000	<i>Remaining Coverage</i>		<i>LIC for contracts not 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>	
Reinsurance contracts held that are liabilities at beginning of period	(121,544)	-	-	-	-	(121,544)
Retakaful contracts held that are assets at beginning of period	28,596	3,177	60,649	364,353	14,085	470,860
Retakaful contract net position at beginning of period	(92,948)	3,177	60,649	364,353	14,085	349,316
Retakaful expenses	(89,413)	-	-	-	-	(89,413)
Incurred claims recovery	-	-	763	62,053	1,675	64,491
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	-	(33,655)	(3,187)	(36,842)
Income on initial recognition of onerous underlying contracts	-	153	-	-	-	153
Reversal of a loss-recovery component other than changes in the FCF of retakaful contracts held	-	(3,177)	-	-	-	(3,177)
Effect of changes in risk of reinsurers' non-performance	-	-	(228)	(397)	-	(625)
Net income/(expenses) from retakaful contracts held	(89,413)	(3,024)	535	28,001	(1,512)	(65,413)
Finance income from retakaful contracts held	820	-	390	3,846	142	5,198
Forex adjustment to comprehensive income	(398)	-	-	342	18	(38)
Total amounts recognised in profit or loss and other comprehensive income	(88,991)	(3,024)	925	32,189	(1,353)	(60,254)
<i>Cash flows</i>						
Contribution paid net of ceding commissions and other directly attributable expenses	60,567	-	-	-	-	60,567
Recoveries from retakaful	-	-	(3,061)	(53,971)	-	(57,032)
Total cash flows	60,567	-	(3,061)	(53,971)	-	3,535
Retakaful contracts held assets/ (liabilities) at end of period	(121,372)	153	58,513	342,571	12,732	292,597
Retakaful contracts held that are liabilities at end of period	(122,228)	-	-	-	-	(122,228)
Retakaful contracts held that are assets at end of period	856	153	58,513	342,571	12,732	414,825
Retakaful contract net position at end of period	(121,372)	153	58,513	342,571	12,732	292,597

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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 2024 (audited)

Amount in AED'000	<i>Liability for remaining coverage</i>			<i>Liability for incurred claims (PAA)</i>		<i>Total</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>	
Takaful contracts that are liabilities at beginning of year	(1,972,381)	(10,137)	(118,436)	(425,538)	(16,936)	(2,543,428)
Takaful contracts that are assets at beginning of year	6,801	-	-	-	-	6,801
Takaful contracts liabilities at beginning of year	(1,965,580)	(10,137)	(118,436)	(425,538)	(16,936)	(2,536,627)
Takaful revenue	1,046,378	-	-	-	-	1,046,378
Incurred claims and other directly attributable expenses	-	(2,353)	(47,220)	(711,652)	(12,533)	(773,758)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	-	1,076	9,388	10,464
Losses on onerous contracts and reversals of those losses	-	(16,839)	-	-	-	(16,839)
Insurance acquisition cash flows amortisations	(199,590)	-	-	-	-	(199,590)
Takaful service expenses	(199,590)	(19,192)	(47,220)	(710,576)	(3,145)	(979,723)
Takaful service result	846,788	(19,192)	(47,220)	(710,576)	(3,145)	66,655
Finance expense from insurance contracts issued recognized	(97,120)	(103)	(2,187)	(17,636)	(845)	(117,891)
Forex adjustment to comprehensive income	17,573	583	1	26,733	883	45,773
Total amounts recognised in profit & loss and other comprehensive income	767,241	(18,712)	(49,406)	(701,479)	(3,107)	(5,463)
Investment component	496,985	-	(496,985)	-	-	-
Premium received	(1,489,112)	-	-	-	-	(1,489,112)
Claims and other directly attributable expenses paid	-	-	543,193	649,463	-	1,192,656
Insurance acquisition cash flows	243,130	-	-	-	-	243,130
Total cash flows	(1,245,982)	-	543,193	649,463	-	(53,326)
Takaful contracts liabilities at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)
Takaful contracts that are liabilities at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)
Takaful contracts that are assets at end of year	-	-	-	-	-	-
Takaful contract net position at end of year	(1,947,336)	(28,849)	(121,634)	(477,554)	(20,043)	(2,595,416)

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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 2024 (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	(162,050)	-	-	-	-	(162,050)
Retakaful contracts held that are assets at beginning of year	13,049	1,455	68,505	255,218	10,235	348,462
Retakaful contract net position at beginning of year	(149,001)	1,455	68,505	255,218	10,235	186,412
Retakaful expenses	(374,035)	-	-	-	-	(374,035)
Amortisation of Insurance acquisition cash flows-						
Incurred claims recovery	-	-	14,032	327,449	8,509	349,990
Changes that relate to past service-changes in the FCF relating to incurred claims recovery-	-	-	-	(12,783)	(4,729)	(17,512)
Income on initial recognition of onerous underlying contracts	-	2,704	-	-	-	2,704
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	4	(761)	1	-	-	(756)
Effect of changes in risk of reinsurers' non-performance	-	-	(262)	(1,168)	-	(1,430)
Net income/(expenses) from reinsurance contracts held	(374,031)	1,943	13,771	313,498	3,780	(41,038)
Finance income from reinsurance contracts held	(10,867)	-	624	10,998	562	1,317
Forex adjustment to comprehensive income	(5,257)	(221)	(1)	(10,107)	(492)	(16,078)
Total amounts recognised in profit & loss and Other comprehensive income	(390,155)	1,722	14,394	314,389	3,850	(55,800)
Cash flows						
Premiums paid net of ceding commissions and other directly attributable expenses	446,209	-	-	-	-	446,209
Recoveries from retakaful	-	-	(22,252)	(205,253)	-	(227,505)
Total cash flows	446,209	-	(22,252)	(205,253)	-	218,704
Retakaful contracts held assets/ (liabilities) at end of year	(92,947)	3,177	60,647	364,354	14,085	349,316
Retakaful contracts held that are liabilities at end of year	(121,544)	-	-	-	-	(121,544)
Retakaful contracts held that are assets at end of year	28,596	3,177	60,648	364,354	14,085	470,860
Reinsurance contract net position at end of year	(92,948)	3,177	60,648	364,354	14,085	349,316

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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 2025 (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	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Takaful contracts liabilities at beginning of period	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Changes related to current services				
CSM recognized in profit or loss	-	-	12,423	12,423
Risk Adjustment recognized in profit or loss	-	4,440	-	4,440
Experience adjustments	19,642	77	-	19,719
Changes related to future services				
Contracts initially recognized in the period	(1,076)	(90)	(277)	(1,443)
Changes in estimates that adjust CSM	7,956	(1,894)	(6,062)	(0)
Changes in estimates that result in onerous contracts or reversal of losses	(10,883)	-	-	(10,883)
Takaful finance expenses through profit or loss	(13,186)	(217)	22,947	9,544
Takaful finance expenses through OCI	725	(7)	(37)	681
Total changes in statement of profit or loss and OCI	3,178	2,309	28,994	34,481
Contribution received	(97,411)	-	-	(97,411)
Claims paid and Directly attributable expenses paid	133,891	-	-	133,891
Acquisition cost paid	10,363	-	-	10,363
Total cash flows	46,843	-	-	46,843
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,475,408)	(37,750)	(377,538)	(1,890,696)
Takaful contract net position at end of period	(1,475,408)	(37,750)	(377,538)	(1,890,696)

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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 2025 (unaudited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	54,742	5,906	-	60,648
Opening retakaful contract liabilities	(207,330)	25,028	60,758	(121,544)
Retakaful contracts held assets/(liabilities) at beginning of period	(152,588)	30,934	60,758	(60,896)
Changes related to current services				
CSM recognized in profit or loss	-	-	(1,248)	(1,248)
Risk Adjustment recognized in profit or loss	-	(1,365)	-	(1,365)
Experience adjustments	(5,836)	-	-	(5,836)
Contracts initially recognized in the period	-	-	14	14
Changes in estimates that adjust CSM	2,743	(102)	(2,641)	(0)
Changes in the FCF that do not adjust the CSM for the group of underlying takaful contracts	-	-	(1,685)	(1,685)
Effect of changes in the risk of retakaful non-performance	(228)	-	-	(228)
Takaful finance expenses through profit or loss	67	164	979	1,210
Takaful finance expenses through OCI	(1,235)	(152)	697	(690)
Total changes in statement of profit or loss and OCI	(4,489)	(1,455)	(3,884)	(9,828)
Contribution paid to retakaful net of commission	10,199	-	-	10,199
Recoveries from retakaful	(3,060)	-	-	(3,060)
Total cash flows	7,139	-	-	7,139
Closing retakaful contract assets	52,167	5,263	1,213	58,643
Closing retakaful contract liabilities	(202,105)	24,216	55,661	(122,228)
Retakaful contract net position at end of period	(149,938)	29,479	56,874	(63,585)

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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 2024 (audited)

	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Amounts in AED'000				
Opening takaful contract assets	-	-	-	-
Opening takaful contract liabilities	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Takaful contracts liabilities at beginning of year	(1,579,229)	(43,722)	(438,733)	(2,061,684)
Changes related to current services				
CSM recognized in profit and loss	-	-	55,129	55,129
Risk Adjustment recognized in profit and loss	-	17,736	-	17,736
Experience adjustments	14,922	(34)	-	14,888
Changes related to future services				
Contracts initially recognized in the period	4,698	(747)	(4,801)	(850)
Changes in estimates that adjust CSM	(30,523)	(10,896)	41,419	-
Changes in estimates that result in onerous contracts or reversal of losses	(14,016)	-	-	(14,016)
Takaful finance expenses through profit and loss	(31,333)	(3,395)	(64,682)	(99,410)
Takaful finance expenses through OCI	8,526	999	5,136	14,661
Total changes in statement of profit or loss and OCI	(47,726)	3,663	32,201	(11,862)
Contribution received	(468,707)	-	-	(468,707)
Claims paid	543,193	-	-	543,193
Acquisition cost paid	27,040	-	-	27,040
Total cash flows	101,526	-	-	101,526
Closing takaful contract assets	-	-	-	-
Closing takaful contract liabilities	(1,525,429)	(40,059)	(406,532)	(1,972,020)
Takaful contract net position at end of year	(1,525,429)	(40,059)	(406,532)	(1,972,020)

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 2025 (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 2024 (audited)

Amounts in AED'000	<i>Best estimate liability</i>	<i>Risk adjustment</i>	<i>Contractual service margin</i>	<i>Total</i>
Opening retakaful contract assets	68,794	10,120	(10,409)	68,505
Opening retakaful contract liabilities	(228,394)	27,157	44,015	(157,222)
Retakaful contracts held assets/(liabilities) at beginning of year	(159,600)	37,277	33,606	(88,717)
Changes related to current services				
CSM recognized in profit or loss	-	-	(6,712)	(6,712)
Risk Adjustment recognized in profit or loss	-	(4,617)	-	(4,617)
Experience adjustments	(14,824)	-	-	(14,824)
Contracts initially recognized in the period	-	-	15	15
Changes in estimates that adjust CSM	(19,548)	(84)	19,632	-
Changes in the FCF that do not adjust the CSM for the group of underlying takaful contracts	-	-	(86)	(86)
Effect of changes in the risk of reinsurers non-performance	(262)	-	-	(262)
Takaful finance expenses through profit or loss	(16,236)	2,889	3,103	(10,244)
Takaful finance expenses through OCI	(8,900)	(4,531)	11,200	(2,231)
Total changes in statement of profit or loss and OCI	(59,770)	(6,343)	27,152	(38,961)
Contribution paid to retakaful net of commission	89,033	-	-	89,033
Recoveries from retakaful	(22,252)	-	-	(22,252)
Total cash flows	66,781	-	-	66,781
Closing retakaful contract assets	54,742	5,906	-	60,648
Closing retakaful contract liabilities	(207,330)	25,028	60,758	(121,544)
Retakaful contract net position at end of year	(152,589)	30,934	60,758	(60,897)

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 2025 (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 2025 (unaudited)</i>			<i>Three-month period ended 31 March 2024 (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	197,564	58,798	256,362	215,486	55,988	271,474
Takaful service expenses	(159,069)	(24,726)	(183,795)	(216,864)	(36,618)	(253,482)
Net expenses from retakaful contracts held	(47,664)	(17,749)	(65,413)	(9,474)	(6,007)	(15,481)
TAKAFUL SERVICE RESULT	(9,169)	16,323	7,154	(10,852)	13,363	2,511
Investment and other income			2,800			108,984
Net Takaful expenses			9,939			(67,334)
Other operational expenses and tax			(19,508)			(26,580)
Profit after tax			385			17,581

By geography

	<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	24,008	232,354	256,362	218,707	52,767	271,474
Takaful service expenses	(23,283)	(160,512)	(183,795)	(195,516)	(57,966)	(253,482)
Net expenses from retakaful contracts held	(1,350)	(64,063)	(65,413)	(19,155)	3,674	(15,481)
TAKAFUL SERVICE RESULT	(625)	7,779	7,154	4,036	(1,525)	2,511
Investment and other income			2,800			108,984
Net Takaful finance expenses			9,939			(67,334)
Other operational expenses and tax			(19,508)			(26,580)
Profit after tax			385			17,581

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 2025 (unaudited)

20 OPERATING SEGMENT (continued)

Statement of financial position by business as at 31 March 2025

	<i>General takaful AED'000 (unaudited)</i>	<i>Family takaful AED'000 (unaudited)</i>	<i>Total AED'000 (unaudited)</i>
Assets			
Property and equipment	43,707	2,905	46,612
Goodwill and intangibles	66,896	61	66,957
Investment properties	49,206	-	49,206
Right of use assets	5,884	127	6,011
Investments in associates	36,718	-	36,718
Statutory deposits	221,871	84,085	305,956
Investments	159,463	50,413	209,876
Participants' investments in unit-linked contracts	-	1,851,894	1,851,894
Deposits with takaful and retakaful companies	753	-	753
Retakaful contract assets	349,741	65,084	414,825
Other assets and receivables	29,401	694	30,095
Bank balances and cash	118,460	27,125	145,585
	<u>1,082,100</u>	<u>2,082,388</u>	<u>3,164,488</u>
Liabilities and equity			
Technical reserves	-	75,848	75,848
Takaful contract liabilities	552,416	1,918,937	2,471,353
Retakaful contract liabilities	-	122,228	122,228
Other payables and accruals	90,604	59,900	150,504
Lease liabilities	5,987	116	6,103
	<u>649,007</u>	<u>2,177,029</u>	<u>2,826,036</u>
Total liabilities			
Total equity – (i)	-	-	-
Total Liabilities and equity	<u>433,093</u>	<u>(94,641)</u>	<u>338,452</u>
Total equity – (i)			
Equity attributable to the owners of the Company			286,430
Non-controlling interest			52,022
			<u>338,452</u>

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For the three-month period ended 31 March 2025 (unaudited)

20 OPERATING SEGMENT (continued)

Statement of financial position by business as at 31 December 2024

	<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>
Assets			
Property and equipment	44,227	2,494	46,721
Goodwill and intangibles	66,456	732	67,188
Investment properties	38,742	10,098	48,840
Right of use assets	6,385	140	6,525
Investments in associates	35,885	-	35,885
Deposits	163,518	135,323	298,841
Investments	169,219	53,523	222,742
Participants' investments in unit-linked contracts	-	1,919,837	1,919,837
Deposits with takaful and retakaful companies	-	748	748
Retakaful contract assets	406,591	64,269	470,860
Other assets and receivables	36,628	3,368	39,996
Bank balances and cash	67,777	80,996	148,773
	<u>1,035,428</u>	<u>2,271,528</u>	<u>3,306,956</u>
Liabilities and policyholders' fund			
Technical reserves	-	71,846	71,846
Takaful contract Liabilities	590,712	2,004,704	2,595,416
Retakaful contract Liabilities	-	121,544	121,544
Other payables and accruals	155,770	21,797	177,567
Lease liabilities	6,061	142	6,203
	<u>752,543</u>	<u>2,220,033</u>	<u>2,972,576</u>
Total liabilities			
Policyholders' fund			
	<u>282,885</u>	<u>51,495</u>	<u>334,380</u>
Financed by:			
Shareholders' equity			284,048
Non-controlling interest			50,332
			<u>334,380</u>

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 2025 (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>
Financial assets				
Investments	956	21,627	187,293	209,876
Unit Linked investments	1,851,894	-	-	1,851,894
Statutory deposits	-	-	305,956	305,956
Deposits with takaful and retakaful companies	-	-	753	753
Other assets and receivables	-	-	12,715	12,715
Bank balances and cash	-	-	145,585	145,585
	<u>1,852,850</u>	<u>21,627</u>	<u>652,302</u>	<u>2,526,779</u>
Financial liabilities				
Other payables and accruals	-	-	62,279	62,279
Lease liabilities	-	-	6,103	6,103
	<u>-</u>	<u>-</u>	<u>68,382</u>	<u>68,382</u>

31 December 2024 (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>
Financial assets				
Investments	723	21,947	200,072	222,742
Unit Linked investments	1,919,837	-	-	1,919,837
Statutory deposits	-	-	298,841	298,841
Deposits with takaful and retakaful companies	-	-	748	748
Other assets and receivables	-	-	16,897	16,897
Bank balances and cash	-	-	150,342	150,342
	<u>1,920,560</u>	<u>21,947</u>	<u>666,900</u>	<u>2,609,407</u>
Financial liabilities				
Other payables and accruals	-	-	73,485	73,485
Lease liabilities	-	-	6,203	6,203
	<u>-</u>	<u>-</u>	<u>79,688</u>	<u>79,688</u>

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 2025 as following:

	31 March 2025 AED'000	31 December 2024 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	181,283	169,463
Minimum Guarantee Fund (MGF)	147,218	154,740
Basic Own Funds	(16,834)	(18,398)
Ancillary Own Funds	(140,000)	140,000
MCR Solvency Margin - surplus/(deficit)	-	-
SCR Solvency Margin - surplus/(deficit)	(69,700)	(58,662)
MGF Solvency Margin - surplus/(deficit)	(35,635)	(43,938)
Subordinated Liabilities (limited)	116,834	118,398

23 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 2025.

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

	March 2025 AED'000 (unaudited)	March 2024 AED'000 (unaudited)
Current income tax expense	3,045	2,403
Deferred taxes	-	4,556
	3,045	6,959

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23 INCOME TAXES (continued)

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

	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
<i>Current Tax payable</i>		
As at 1 January	22,226	16,038
Provisions during the period/year	3,045	8,015
Exchange differences	120	(1,827)
Balance as at the end of the period/year	25,391	22,226
	31 March 2025 AED'000 (unaudited)	31 December 2024 AED'000 (audited)
<i>Deferred Tax Assets</i>		
As at 1 January	5,200	4,980
Provisions during the period/year	-	100
Exchange differences	65	120
Balance as at the end of the period/year	5,265	5,200
<i>Deferred Tax Liabilities</i>		
As at 1 January	5,166	5,200
Provisions during the year	-	-
Exchange differences	64	(34)
Balance as at the end of the period/year	5,230	5,166

24 SUBSEQUENT EVENTS

In the annual general assembly meeting held on 30 April 2025, the shareholders approved the Directors' remuneration of AED 1,366 thousand. No dividend was approved for the year ended 31 December 2024.

Following the maturity of the Wakala investment certificates with SHUAA Capital, Salama and SHUAA Capital reached a mutual agreement for a final settlement. SHUAA Capital will pay a total of AED 36 million as a complete and final settlement of the originally outstanding AED 73 million. This settlement will be executed in two installments:

- AED 25 million in April 2025;
- AED 11 million in December 2025.

Salama had previously accounted for a full Expected Credit Loss (ECL) provision of 100% for this investment. The recovery of AED 36 million will be reflected in the consolidated statement of profit or loss in due course, leading to a positive effect on the consolidated statement of profit or loss.

25 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 2025.