

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

Condensed interim consolidated financial information
(Unaudited)

For the three-month period ended 31 March 2024

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

Condensed interim consolidated financial information (unaudited) For the three-month period ended 31 March 2024

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AMAN

رقم القيد في سجل شركات التأمين: 70 بتاريخ 16/9/2003
Register of Insurance Companies entry: 70 dated 16/9/2003
رخصه تجارية رقم: 543043 Commercial License No. 543043

Board of Directors' report

The Board of Directors have the pleasure in submitting their report and the condensed interim consolidated financial information for the three-month period ended 31 March 2024.

Incorporation and registered offices

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

Principal activities

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

Financial position and results

The consolidated financial position and results of the Group for the three-month period ended 31 March 2024 are set out in the accompanying condensed interim consolidated financial information.

Directors

The following were the Directors of the Group for the three-month period ended 31 March 2024:

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

Auditors

The condensed interim consolidated financial information for the three-month period ended 31 March 2024 has been reviewed by Grant Thornton Audit and Accounting Limited – Abu Dhabi.

The condensed interim consolidated financial information for the three-month period ended 31 March 2024 were approved by the Board of Directors on 15 May 2024:

On behalf of the Board of Directors,

Dr. Saleh Hashem Sayed Al Hashimi
Chairman

Report on review of condensed interim consolidated financial information To The Shareholders of Dubai Islamic Insurance & Reinsurance Co. (Aman) (P.J.S.C)

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Dubai Islamic Insurance & Reinsurance Co. (AMAN) (P.J.S.C) (the “Company”) and its subsidiaries (collectively referred to as “the Group”) as at 31 March 2024, and the related condensed interim consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows for the three-month period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

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

Basis for qualified conclusion

The Group has not adopted the International Financial Reporting Standard (IFRS) 17, “*Insurance Contracts*”, which became effective for annual periods beginning on or after 1 January 2023 for the preparation of this condensed interim consolidated financial information. As stated in Note 19.2 to the condensed interim consolidated financial information, the Group has not implemented the provisions of IFRS 17 on the takaful portfolio classified as held for sale – discontinued operations in this condensed interim consolidated financial information due to the shareholders’ decision to exit and sell the entire insurance portfolios. However, the Group has performed a financial impact assessment on IFRS 17 and elected not to adopt the impact on the condensed interim consolidated financial information and continue to apply the provisions of IFRS 4, “*Insurance Contracts*”. Had the Group adopted IFRS 17, total assets and total liabilities would have decreased by AED 17,368 thousand and AED 16,435 thousand, respectively, and the net loss for the period would have increased by AED 7,829 thousand. Further, due to the retrospective adoption requirement of IFRS 17, the comparative figures of total assets and total liabilities as of 31 December 2023 would have decreased by AED 27,251 thousand and AED 31,513 thousand, respectively and the net loss for the three-month period ended 31 March 2023 would have decreased by AED 25,955 thousand.

**Report on review of condensed interim consolidated financial information
To The Shareholders of Dubai Islamic Insurance & Reinsurance Co. (Aman)
(P.J.S.C) (continued)**

Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” as issued by the IASB.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to the condensed interim consolidated financial information, which states that as of 31 March 2024, the accumulated losses of the Group have reached AED 149,449 thousand, which represents 66% of the share capital of the Group. Further, as disclosed in note 21 to the condensed interim consolidated financial information, the Group has MCR Solvency Margin Deficit, SCR Solvency Margin Deficit and MGF Solvency Margin Deficit in solvency capital requirements as stipulated by the Central Bank of the U.A.E. by an amount of AED 132,742 thousand, AED 53,282 thousand and AED 52,742 thousand, respectively. The Group’s ability to continue as a going concern depends on the successful execution of the proposed business plan, which states that the Shareholders of the Group have approved the exit of all takaful operations and the change of the status of the Group from a takaful operator to an investment Group. These factors, along with other matters set forth in Note 1.1, indicate that a material uncertainty exists that may cast doubt on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Emphasis of Matters

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

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



GRANT THORNTON UAE

**Farouk Mohamed
Registration No 86
Abu Dhabi, United Arab Emirates**

30 May 2024

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


Condensed interim consolidated statement of financial position
As at 31 March 2024

	Notes	31 March 2024 (Unaudited) AED	31 December 2023 (Audited) AED
Assets			
Property and equipment	5	52,091	64,982
Financial assets carried at fair value through other comprehensive income (FVOCI)	6	20,157,840	28,551,222
Financial assets carried at fair value through profit or loss (FVTPL)	6	543,679	21,269,687
Investment properties		47,070,029	47,070,029
Statutory deposit	7	10,000,000	10,000,000
Prepayments and other receivables	8	28,718,019	31,756,968
Deferred policy acquisition costs		538,881	589,103
Assets under discontinued operations - subsidiaries	19.1	1,583,321	1,583,321
Assets classified as held for sale - takaful operations	19.2	865,282,142	910,091,831
Cash and cash equivalents	9	33,031,299	49,147,395
Total assets		1,006,977,301	1,100,124,538
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	13	225,750,000	225,750,000
Legal reserve	16.1	6,420,521	6,420,521
General reserve	16.2	6,420,521	6,420,521
Accumulated losses		(149,449,003)	(143,212,289)
Investments revaluation reserve – FVOCI		(27,246,740)	(18,853,358)
Equity attributable to the shareholders of the Company		61,895,299	76,525,395
Non-controlling interests		(1,325,973)	(1,325,973)
Total equity		60,569,326	75,199,422
Liabilities			
Provision for employees' end of service benefits	10	2,377,260	2,313,166
Trade and other payables	11	17,304,614	43,388,320
Due to policyholders		48,496,603	56,184,443
Liabilities directly associated with assets under discontinued operations - subsidiaries	19.1	12,947,356	12,947,356
Liabilities directly associated with assets classified as held for sale - takaful operations	19.2	865,282,142	910,091,831
Total liabilities		946,407,975	1,024,925,116
Total shareholders' equity and liabilities		1,006,977,301	1,100,124,538

To the best of our knowledge, the condensed interim consolidated financial information present fairly in all material respects the financial position, results of operation and cash flows of the Group as of, and for the three-month period ended 31 March 2024.

This condensed interim consolidated financial information was approved by the Board of Directors on 15 May 2024 and signed on their behalf by:


Rached Diab
Chief Executive Officer


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

The accompanying notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

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

Condensed interim consolidated statement of profit or loss
For the three-month period ended 31 March 2024

	Notes	Three-month period ended	
		31 March 2024	31 March 2023
		AED	AED
		(Unaudited)	(Unaudited)
Attributable to Policyholders			
Discontinued operations			
Profit from discontinued operations - takaful operation	19.2	2,635,471	8,653,350
Attributable to Shareholders			
Income			
Investment (expenses)/income, net	15	(7,279,933)	487,585
Wakala fees from policyholders	14	468,115	3,152,164
Mudarib's share from policyholders	14	5,471	5,495
Other income		4,162,759	3,884
Recovery from Qard Hassan to policyholders	20	417,349	-
		(2,226,239)	3,649,128
Expenses			
Policy acquisition cost		(652,805)	(5,620,407)
General and administrative expenses		(3,357,670)	(4,408,151)
Total expenses		(4,010,475)	(10,028,558)
Loss for the period from continuing operations		(6,236,714)	(6,379,430)
Profit for the period from discontinued operations		2,635,471	8,653,350
(Loss)/profit for the period before tax		(3,601,243)	2,273,920
Income tax expense		-	-
(Loss)/profit for the period after tax		(3,601,243)	2,273,920
Attributable to:			
Shareholders of the Company		(6,236,714)	(6,379,430)
Policyholders – Discontinued operations		2,635,471	8,653,350
		(3,601,243)	2,273,920
Loss per share – continuing operations	16	(0.028)	(0.028)

The accompanying notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

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

Condensed interim consolidated statement of other comprehensive income
For the three-month period ended 31 March 2024

	Three-month period ended	
	31 March	
	2024	31 March 2023
	AED	AED
	(Unaudited)	(Unaudited)
Loss for the period attributable to shareholders of the Company	(6,236,714)	(6,379,430)
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Changes in fair value of equity investments carried at fair value through other comprehensive income	<u>(8,393,382)</u>	<u>(11,808,961)</u>
Other comprehensive loss for the period	<u>(8,393,382)</u>	<u>(11,808,961)</u>
Total comprehensive loss for the period	<u>(14,630,096)</u>	<u>(18,188,391)</u>
Attributable to:		
Policyholders – Discontinued operations	(14,630,096)	(18,188,391)
Shareholders of the Company	<u>2,635,471</u>	<u>8,653,350</u>
Total comprehensive loss for the period	<u>(11,994,625)</u>	<u>(9,535,041)</u>

The accompanying notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

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

Condensed interim consolidated statement of changes in equity
For the three-month period ended 31 March 2024

	Share capital AED	Legal reserve AED	General reserve AED	Accumulated losses AED	Investments revaluation reserve – FVOCI AED	Equity attributable to shareholders of the Company AED	Non- controlling interests AED	Total equity AED
Balance at 1 January 2023	225,750,000	6,309,669	6,309,669	(146,704,914)	(13,151,220)	78,513,204	(1,325,973)	77,187,231
Net loss for the period attributable to the shareholders of the Company	-	-	-	(6,379,430)	-	(6,379,430)	-	(6,379,430)
Other comprehensive loss for the period	-	-	-	-	(11,808,961)	(11,808,961)	-	(11,808,961)
Total comprehensive loss for the period	-	-	-	(6,379,430)	(11,808,961)	(18,188,391)	-	(18,188,391)
Balance at 31 March 2023	225,750,000	6,309,669	6,309,669	(153,084,344)	(24,960,181)	60,324,813	(1,325,973)	58,998,840
Balance at 1 January 2024	225,750,000	6,420,521	6,420,521	(143,212,289)	(18,853,358)	76,525,395	(1,325,973)	75,199,422
Net loss for the period attributable to the shareholders of the Company	-	-	-	(6,236,714)	-	(6,236,714)	-	(6,236,714)
Other comprehensive loss for the period	-	-	-	-	(8,393,382)	(8,393,382)	-	(8,393,382)
Total comprehensive loss for the period	-	-	-	(6,236,714)	(8,393,382)	(14,630,096)	-	(14,630,096)
Balance at 31 March 2024	225,750,000	6,420,521	6,420,521	(149,449,003)	(27,246,740)	61,895,299	(1,325,973)	60,569,326

The accompanying notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

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

Condensed interim consolidated statement of cash flows
For the three-month period ended 31 March 2024

	Three-month period ended	
	31 March 2024	31 March 2023
	AED	AED
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Loss for the period	(6,236,714)	(6,379,430)
Adjustments for:		
Depreciation of property and equipment	12,891	133,557
Realised loss on disposal of financial assets carried at fair value through profit or loss (FVTPL)	7,611,004	-
Unrealized gain on investments in financial assets carried at FVTPL	(102,500)	(350,222)
Provision for employees' end of service benefits	65,987	300,637
Profits on deposits	(133,455)	(41,840)
Rental income	(95,116)	(117,500)
Operating profit before working capital changes:	1,122,097	(6,454,798)
Working capital changes:		
Prepayments and other receivables	3,038,948	7,141,284
Trade and other payables	(26,083,706)	(9,579,972)
Deferred policy acquisition costs	50,222	3,780,380
Due to policyholders	(7,687,839)	9,162,939
Cash used in operations	(29,560,278)	4,049,833
Employees' end of service benefits paid	(1,893)	(2,719,479)
Net cash (used in)/generated from operating activities	(29,562,171)	1,330,354
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(155,745)
Proceeds from financial assets measured at FVTPL	13,215,830	-
Profit income received	133,455	41,840
Change in discontinued operations- takaful operations	5,268,217	(36,690,174)
Purchase of financial assets carried at fair value through other comprehensive income (FVOCI)	-	(59,404,073)
Net cash generated from/(used in) investing activities	18,617,502	(96,208,152)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,944,669)	(94,877,798)
Cash and cash equivalents at the beginning of the period	57,761,221	132,844,060
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 9)	46,816,552	37,966,262

The accompanying notes from 1 to 26 form an integral part of this condensed interim consolidated financial information.

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

Condensed interim consolidated financial information (unaudited)

Notes to the condensed interim consolidated financial information

For the three-month period ended 31 March 2024

1 General information

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

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

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

The Company with its subsidiaries are together referred to as (the “Group”) in this condensed interim consolidated financial information. At 31 March 2024 and 31 December 2023, the Company had the following subsidiaries:

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

The Group neither made social contributions during the period ended 31 March 2024 nor the year ended 31 December 2023.

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

Notes to the condensed interim consolidated financial information (continued)
For the three-month period ended 31 March 2024

1 General information (continued)

1.1 Assessment of going concern assumption

As at 31 March 2024, the Group's accumulated losses amounted to AED 149,449 thousand (31 December 2023: AED 143,212 thousand), which represent 66% (31 December 2023: 63%) of the share capital of the Group. Further, as stated in the note 21 to the condensed interim consolidated financial information, the Group has MCR Solvency Margin Deficit, SCR Solvency Margin Deficit and MGF Solvency Margin Deficit in solvency capital requirements as stipulated by the Central Bank of the U.A.E. by an amount of AED 132,742 thousand, AED 53,282 thousand and AED 52,742 thousand, respectively (31 December 2023: AED 133,967 thousand, AED 59,379 thousand and AED 53,967 thousand, respectively). To address the solvency deficit, the Group's management initially submitted a recovery plan to the Central Bank of United Arab Emirates ("CBUAE") which involved a substantial capital injection by means of a rights issue; however, the plan was subsequently changed, because it was envisaged that shareholders are unlikely to support a capital injection in the prevailing economic and financial circumstances. The new plan, which is subject to the regulatory approval, envisages selling the portfolios of the takaful business to other takaful companies and, aided partly by the proceeds resulting the sale of the takaful portfolios and partly by other assets, generating enough capital to transform the Company into a viable investment firm to safeguard and preserve shareholders' value. The Group has informed the Regulator of its revised plans and received (in-principle/ no-objection letter) approval to proceed with the above sale negotiations.

During the General Assembly meeting held on 6 February 2023, the shareholders issued a special resolution approving the board of directors' decision to exit and sell all the entire takaful portfolio and authorising the Group's board of directors to complete all procedures with authorities and policyholders to exit takaful business and transform the Group into an investment group. As a result, the Group signed two portfolio transfer agreements (PTA) with Islamic Arab Insurance Co. to transfer the general, medical, and family takaful portfolio and with Abu Dhabi National Takaful Co. to transfer the individual life portfolio, refer to note 19.2. However, management believes that the transfer is expected to be completed early during 2024 and that the proceeds resulted from the execution of these agreements are expected to improve the Group's liquidity and generate enough capital to transform the Company into a viable investment firm to safeguard and preserve shareholders' value.

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

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

Further, the accumulated losses as at 31 March 2024 exceeded 50% of the share capital of the Group, and as per UAE Federal Law No. (32) of 2021 article 309, the Board of Directors should invite the General Assembly to convene within (30) thirty days from the date of the invitation to consider making a decision as regards the Group's continuation of its activity or dissolution prior to the expiry of its term. As a result, during the General Assembly meeting held on 5 May 2023, the shareholders issued a special resolution approving the continuity of the Groups' operations.

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

Notes to the condensed interim consolidated financial information (continued)
For the three-month period ended 31 March 2024

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

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

Title	Effective date
Amendment to IAS 1 Non-current liabilities with covenants and classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements	1 January 2024
Amendment to IFRS 16 Leases on sale and leaseback	1 January 2024

These standards have been adopted by the Group and did not have a material impact on this condensed interim consolidated financial information.

Standards, amendments and interpretations to existing Standards that are not yet effective

Title	Effective date
IFRS 18 'Presentation and Disclosures in Financial Statements	1 January 2027
Amendments to the SASB standards	1 January 2025
Lack of exchangeability	1 January 2025

These standards, amendments and interpretations are not expected to have a significant impact on the interim condensed financial information in the period of initial application and therefore no disclosures have been made. The Group has not early adopted any of the above standards.

3 Summary of Material accounting policy information

Basis of preparation

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

This condensed interim consolidated financial information is prepared in accordance with International Accounting Standard 34: “*Interim Financial Reporting*” issued by the International Accounting Standard Board (IASB) and comply with the applicable requirements of the UAE federal law No. (32) of 2021 and United Arab Emirates (UAE) Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Insurance Law issued by the Central Bank of the UAE (“CBUAE”) and regulation of its operations.

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

This condensed interim consolidated financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023. In addition, results for the period from 1 January 2024 to 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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

Notes to the condensed interim consolidated financial information (continued)
For the three-month period ended 31 March 2024

3 Summary of Material accounting policy information (continued)

The accounting policies applied in the condensed interim consolidated financial information are the same as those applied in the Group's financial information as at and for the year ended 31 December 2023, with the exception of the below:

Taxation

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

For the Group, accounting for current and deferred taxes have become applicable from the period beginning 1 January 2024. Accordingly, management has applied following accounting policies to incorporate the applicable Corporate Tax in accordance with IAS 12 "Income Taxes".

Current Taxation

Provision of current tax is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the period.

Income tax expense is recognised in interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Deferred Taxation

Deferred tax is accounted for in respect of all temporary differences at the statement of financial position date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items credited or charged to statement of other comprehensive income or equity in which case it is included in statement of other comprehensive income or equity.

As at 31 March 2024, the Group does not have material impact of deferred tax or income tax

4 Changes in judgements and estimation uncertainty

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

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

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5 Property and equipment

	Motor vehicles AED	Furniture and fixtures AED	Office equipment AED	Total AED
Cost:				
At 1 January 2024 (Audited)	128,890	746,447	2,690,512	3,565,849
31 March 2024 (Unaudited)	128,890	746,447	2,690,512	3,565,849
Accumulated depreciation:				
At 1 January 2024	128,890	746,447	2,625,530	3,500,867
Charge for the period	-	-	12,891	12,891
At 31 March 2024 (Unaudited)	128,890	746,447	2,638,421	3,513,758
Net carrying amount:				
31 March 2024 (Unaudited)	-	-	52,091	52,091
	Motor vehicles AED	Furniture and fixtures AED	Office equipment AED	Total AED
Cost:				
At 1 January 2023 (Audited)	227,290	5,405,566	5,909,248	11,542,104
Disposals	(98,400)	(4,659,119)	(3,218,736)	(7,976,255)
At 31 December 2023 (Audited)	128,890	746,447	2,690,512	3,565,849
Accumulated depreciation:				
At 1 January 2023 (Audited)	227,290	5,399,639	5,765,157	11,392,086
Charge for the year	-	5,227	75,436	80,663
Disposals	(98,400)	(4,658,419)	(3,215,063)	(7,971,882)
At 31 December 2023 (Audited)	128,890	746,447	2,625,530	3,500,867
Net carrying amount:				
31 December 2023 (Audited)	-	-	64,982	64,982

6 Investments in financial assets

	31 March 2024 AED (Unaudited)	31 December 2023 AED (Audited)
Financial assets carried at fair value through other comprehensive income (FVOCI) (A)		
- Listed	16,832,629	25,226,011
- Unlisted	3,325,211	3,325,211
	20,157,840	28,551,222
Financial assets measured at fair value through profit or loss (FVTPL) (B)		
- Listed	543,679	21,269,687
	543,679	21,269,687
Total investment in financial assets measured at fair value (A+B)	20,701,519	49,820,909
Investments by geographical concentration are as follows:		
- Within U.A.E.	17,376,308	46,495,698
- Outside U.A.E.	3,325,211	3,325,211
	20,701,519	49,820,909

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7 Statutory deposit

In accordance with the requirements of UAE Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended) covering insurance companies and agencies, the Group maintains a bank deposit of AED 10 million (2023: AED 10 million) which cannot be utilized without the consent of the Central bank of UAE.

8 Prepayments and other receivables

	31 March 2024 AED (Unaudited)	31 December 2023 AED (Audited)
Advance to suppliers	1,115,000	1,115,000
Prepayments	738,093	973,356
Staff receivables	515,895	372,943
Refundable deposits	71,483	71,483
Other receivables *	26,277,548	29,224,186
	28,718,019	31,756,968

* Other receivables include an amount of AED 18.3 million (31 December 2023: 18.3 million) receivable against an investment disposed during 2022.

9 Cash and bank balances (excluding statutory deposit)

9.1 Cash and cash equivalents

	31 March 2024 AED (Unaudited)	31 December 2023 AED (Audited)
Cash on hand	353,493	65,710
Bank balances in current accounts	46,495,681	57,712,876
	46,849,174	57,778,586
Less: allowances for expected credit losses	(32,622)	(17,365)
Total	46,816,552	57,761,221
Less: cash and cash equivalents included in assets under discontinued operations – subsidiaries (note 7.1)	(1,008,976)	(1,008,976)
Less: cash and bank balances related to discontinued operations – Policyholders (note 7.2)	(12,776,277)	(7,604,850)
Total	33,031,299	49,147,395

There are no restrictions on bank balances at the time of approval of these consolidated financial statements.

Details of allowances for expected credit losses are as follows:

	2024 AED (Unaudited)	2023 AED (Audited)
Balance at the beginning of the period/year	32,622	20,483
Charges for the period/year	-	12,139
Balance at the end of the period/year	32,622	32,622

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

9.1 Cash and cash equivalents (continued)

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

	31 March 2024 AED (Audited)	31 December 2023 AED (Audited)
Cash and cash equivalents	33,031,299	49,147,395
Cash and cash equivalents included in assets under discontinued operations – (note 7.1)	1,008,976	1,008,976
Cash and cash equivalents included in assets under discontinued operations – Takaful operations (note 7.2)	12,776,277	7,604,850
Total cash and cash equivalent	46,816,552	57,761,221

10 Provision for employees' end of service benefits

	31 March 2024 AED (Unaudited)	31 December 2023 AED (Audited)
Balance at beginning of the period/year	2,313,166	5,456,780
Charged during the period/year	65,987	612,773
Payments made during the period/year	(1,893)	(3,756,387)
Balance at end of the period/year	2,377,260	2,313,166

11 Trade and other payables

	31 March 2024 AED (Unaudited)	31 December 2023 AED (Audited)
Trade payables and accruals	14,705,004	40,596,218
Zakat payable	768,491	768,491
Other payables	1,831,119	2,023,611
	17,304,614	43,388,320

12 Contingencies

At the reporting date, the Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business amounting to AED 0.4 million (2023: AED 0.4 million).

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

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13 Share capital

	31 March 2024	31 December 2023
	AED	AED
	(Unaudited)	(Audited)
<i>Issued and fully paid:</i>		
225,750,000 ordinary shares of AED 1 each		
(2023: 225,750,000 ordinary shares of AED 1 each)	<u>225,750,000</u>	<u>225,750,000</u>

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

14 Wakala fees and Mudarib's share

The Group manages the Takaful operations for the Policyholders and charges 33% (2023: 33%) of the gross takaful contributions net of fronting contribution as Wakala fees. In addition, the Group charges 2% (2023: 2%) on fronting contribution as Wakala fees and 100% (2023: 100%) on certain unit-linked takaful contracts. These Wakala fees rates were approved by the Group's Fatwa and Sharia'a Supervisory Board. The Wakala Fees share amounted to AED 468,115 for the period ended 31 March 2024 (2023: AED 7,148,246).

The Group also manages the policyholders' investment funds and is entitled to 25% (2023: 25%) of net investment income earned by the takaful operations' investment funds as the Mudarib's share. The Mudarib's share amounted to AED 5,471 for the period ended 31 March 2024 (31 March 2023: AED 5,495).

15 Investment (expenses)/income, net

	Three-month period ended	
	31 March	
	2024	2023
	AED	AED
	(Unaudited)	(Unaudited)
	AED	AED
Unrealized gain on investments in financial assets carried at FVTPL	102,500	350,223
Realized loss on investments in financial assets measured at FVTPL	(7,611,004)	-
Income on investment properties, net	95,116	95,522
Income from wakala deposits with banks	133,455	41,840
	<u>(7,279,933)</u>	<u>487,585</u>

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

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16 Basic and diluted earnings/(losses) per share

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

	Three-month period ended 31 March					
	2024 AED (Unaudited)	2023 AED (Unaudited)	2024 AED (Unaudited)	2023 AED (Unaudited)	2024 AED (Unaudited)	2023 AED (Unaudited)
	Profit / (loss) for the period		Weighted average number of shares outstanding during the period		Earnings/(losses) per share (AED per share)	
Continuing operations	(6,236,714)	(6,379,430)	225,750,000	225,750,000	(0.028)	(0.028)
Discontinuing operations	2,635,471	8,653,350	225,750,000	225,750,000	0.012	0.038

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

17 Fatwa and Sharia'a supervisory board

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

18 Segmental information

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

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

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18 Segmental information (continued)

The following table presents segment information for the three-month period ended 31 March 2024 and 2023.

	Three-month period ended 31 March 2024 (Unaudited)			Three-month period ended 31 March 2023 (Unaudited)		
	Investments AED	Other AED	Total AED	Investments AED	Other AED	Total AED
Takaful - discontinued operations						
Net takaful income	-	3,504,522	3,504,522	-	11,789,031	11,789,031
Wakala fees	468,115	(468,115)	-	3,152,164	(3,152,164)	-
Mudarib fees	5,471	(5,471)	-	5,495	(5,495)	-
Policy acquisition cost	(652,805)	-	(652,805)	(5,620,407)	-	(5,620,407)
	(179,219)	3,030,936	2,851,717	(2,462,748)	8,631,372	6,168,624
Investment income	(7,279,933)	21,884	(7,258,049)	487,585	21,978	509,563
Other operating income	4,162,759	-	4,162,759	3,884	-	3,884
General and administrative expenses	(3,357,670)	-	(3,357,670)	(4,408,151)	-	(4,408,151)
Contribution from Qard Hassan to policyholders' fund	417,349	(417,349)	-	-	-	-
Net (loss)/profit for the period	(6,236,714)	2,635,471	(3,601,243)	(6,379,430)	8,653,350	2,273,920
	Investment		Others		Total	
	31 March	31 December	31 March	31 December	31 March	31 December
	2024	2023	2024	2023	2024	2023
	AED	AED	AED	AED	AED	AED
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	141,695,159	190,032,707	865,282,142	910,091,831	1,006,977,301	1,100,124,538
Segment liabilities	81,125,833	114,833,285	865,282,142	910,091,831	946,407,975	1,024,925,116

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19 Disposal groups held for sale and discontinued operations

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

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

	31 March 2024 AED (Unaudited)	31 December 2023 AED (Audited)
Assets under discontinued operations	1,583,321	1,583,321
Liabilities directly associated with assets under discontinued operations	12,947,356	12,947,356

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

	31 March 2024 AED (Unaudited)	31 December 2023 AED (Audited)
Cash and cash equivalents - note 9	1,008,976	1,008,976
Other receivables	574,345	574,345
Assets under discontinued operations	1,583,321	1,583,321
Trade and other payable	12,947,356	12,947,356
Liabilities associated with assets under discontinued operations	12,947,356	12,947,356
Net liabilities associated with assets under discontinued operations	(11,364,035)	(11,364,035)

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

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

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

Sale of the general takaful portfolio

During 2022, the Group initiated the transfer of the general, medical, and family takaful portfolios to Islamic Arab Insurance Co. (SALAMA) PSC, an entity incorporated in the United Arab Emirates, with purchase consideration will be AED 15 million subject to customary adjustments and regulatory approvals. The Group has submitted an application to CBUAE - Insurance Sector to approve the transaction and will complete the necessary procedures to finalize the transaction between the two Companies. The discussions between the parties are at the final stage and 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.

Sale of the individual life portfolio

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

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

Based on that, the takaful operations "disposable group" have been classified and accounted for as per the requirements of IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*.

As required by IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*, the entire takaful operations should be recorded at the lower of their carrying value or fair value less costs to sell, with reference to the sale price as per the signed agreements.

However, the carrying values of the disposal group are measured in accordance with IFRS 4 *"Insurance contracts"* as the Group did not apply IFRS 17 *"Insurance contracts"*, which is effective for annual periods starting on or after 1 January 2023. Management initially expected that the sale transactions to be completed during 2023, as the Group has already received the final approval from the regulator on the transfer of the individual life insurance portfolio to Abu Dhabi National Takaful Company, and accordingly, management requested an exemption from IFRS 17 from the regulator during 2023, who requested a non-Objection letter from the buyer on the application of IFRS 17 to the transferred portfolio during 2023. The NOC was provided to the Regulator on 28 April 2023. However, as the takaful portfolio was not transferred until 31 March 2024, management has performed a financial impact assessment for IFRS 17, revealing a material impact on total assets and total liabilities presented as assets held for sale in this condensed interim consolidated financial information, including comparative figures. However, management opted not to apply the provisions of IFRS 17, as management expects to exist all the takaful activities during 2024 as the Group is currently working on the legal formalities related to the transfer of the individual life portfolio.

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

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

	31 March 2024 Total	31 March 2024 Non-life	31 March 2024 Life	31 December 2023 Total	31 December 2023 Non-life	31 December 2023 Life
TAKAFUL OPERATIONS' ASSETS						
Cash and cash equivalents	12,776,277	11,920,106	856,171	7,604,850	5,378,812	2,226,038
Retakaful contract assets	94,175,541	88,781,745	5,393,796	102,710,925	93,495,486	9,215,439
Takaful receivables	22,968,792	21,861,970	1,106,822	27,072,317	24,571,577	2,500,740
Financial assets measured at fair value through profit or loss (FVTPL)	676,034,958	19,022	676,015,936	705,689,325	19,022	705,670,303
Investment property	10,829,971	10,829,971	-	10,829,971	10,829,971	-
Due from shareholders	48,496,603	39,592,616	8,903,987	56,184,443	43,294,110	12,890,333
Total takaful operations' assets	865,282,142	173,005,430	692,276,712	910,091,831	177,588,978	732,502,853
TAKAFUL OPERATIONS' LIABILITIES						
Trade and other payables	8,901,240	8,901,240	-	11,742,826	11,742,826	-
Takaful payables	48,726,188	42,068,030	6,658,158	48,935,447	36,402,100	12,533,347
Takaful contract liabilities	121,896,035	113,148,911	8,747,124	135,045,505	121,584,527	13,460,978
Unit linked liabilities	676,015,936	-	676,015,936	705,670,303	-	705,670,303
Deferred discount	1,029,492	1,007,638	21,854	1,397,130	1,390,632	6,498
Amounts held under retakaful treaties	1,049,233	1,049,233	-	2,272,073	2,272,073	-
Total takaful operations' liabilities	857,618,124	166,175,052	691,443,072	905,063,284	173,392,158	731,671,126
TAKAFUL OPERATIONS' DEFICIT						
(Deficit) / surplus in takaful operations' fund	(18,847,423)	6,767,454	(25,614,877)	(21,836,796)	4,195,430	(26,032,226)
Qard Hassan from shareholders	25,614,877	-	25,614,877	26,032,226	-	26,032,226
Retakaful default reserve	3,176,929	2,343,289	833,640	3,113,482	2,281,755	831,727
Takaful operations' investments revaluation reserve	(2,280,365)	(2,280,365)	-	(2,280,365)	(2,280,365)	-
Total surplus from takaful operations	7,664,018	6,830,378	833,640	5,028,547	4,196,820	831,727
Total takaful operations liabilities and deficit	865,282,142	173,005,430	692,276,712	910,091,831	177,588,978	732,502,853

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

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

Condensed interim consolidated statement of profit or loss	Three-month period ended 31 March 2024			Three-month period ended 31 March 2023		
	(Unaudited) TOTAL AED	(Unaudited) NON-LIFE AED	(Unaudited) LIFE AED	(Unaudited) TOTAL AED	(Unaudited) NON-LIFE AED	(Unaudited) LIFE AED
Attributable to policyholders						
Takaful income						
Gross takaful contributions	13,175,893	12,794,497	381,396	17,984,884	15,434,911	2,549,973
Retakaful share of gross takaful contributions	(12,689,308)	(12,306,772)	(382,536)	(15,633,329)	(13,606,595)	(2,026,734)
Net takaful contributions	486,585	487,725	(1,140)	2,351,555	1,828,316	523,239
Net transfer to unearned contributions reserve	753,300	826,583	(73,283)	27,196,829	24,417,940	2,778,889
Net change in mathematical reserve	89,182	-	89,182	(1,165,002)	-	(1,165,001)
Net takaful contributions earned	1,329,067	1,314,308	14,759	28,383,382	26,246,256	2,137,127
Discount received on ceded retakaful	838,879	829,562	9,317	3,284,477	2,279,863	1,004,614
Policy fees	102,561	102,561	-	95,523	95,523	-
Net takaful income	2,270,507	2,246,431	24,076	31,763,382	28,621,642	3,141,741
Takaful expenses						
Gross claims settled	(8,681,095)	(6,541,227)	(2,139,868)	(34,790,434)	(28,404,591)	(6,385,843)
Retakaful share of gross claims settled	6,124,260	4,339,658	1,784,602	10,922,424	5,549,906	5,372,518
Net takaful claims	(2,556,835)	(2,201,569)	(355,266)	(23,868,010)	(22,854,685)	(1,013,325)
Change in provision for outstanding claims	7,277,430	6,934,101	343,329	1,369,575	1,038,482	331,093
Retakaful share of outstanding claims	(6,826,735)	(6,533,078)	(293,657)	938,285	1,214,486	(276,201)
Net change in incurred but not reported claims	3,247,437	2,416,125	831,312	1,204,994	1,293,415	(88,420)
Net change in unallocated loss adjustment expenses reserve	92,718	78,140	14,578	380,805	382,406	(1,601)
Net claims incurred	1,234,015	693,719	540,296	(19,974,351)	(18,925,896)	(1,048,454)
Net takaful income	3,504,522	2,940,150	564,372	11,789,031	9,695,746	2,093,287
Wakala fees	(468,115)	(323,005)	(145,110)	(3,152,164)	(2,263,713)	(888,451)
Investment income	21,884	21,884	-	21,978	21,978	-
Mudarib's share	(5,471)	(5,471)	-	(5,495)	(5,495)	-
Net profit from takaful operation for the period	3,052,820	2,633,558	419,262	8,653,350	7,448,516	1,204,836
Recovery against Qard Hassan to policyholders	(417,349)	-	(417,349)	-	-	-
Net loss from takaful operation for the period	2,635,471	2,633,558	1,913	8,653,350	7,448,516	1,204,836

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20 Surplus/(deficit) in takaful operations' fund

	31 March 2024	31 March 2024	31 March 2024	31 December 2023	31 December 2023	31 December 2023
	Total	Non-Life	Life	Total	Non-Life	Life
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
(Deficit)/surplus in policyholders' fund						
At the beginning of the period/year	(21,836,796)	4,195,430	(26,032,226)	(45,681,014)	(19,142,509)	(26,538,505)
Surplus for the period/year attributable to takaful operations	3,052,820	2,633,558	419,262	24,168,107	23,645,453	522,654
Transfer to retakaful default reserve during the period/year	(63,447)	(61,534)	(1,913)	(323,889)	(307,514)	(16,375)
(Deficit)/surplus in takaful operations' fund as at period/year end	(18,847,423)	6,767,454	(25,614,877)	(21,836,796)	4,195,430	(26,032,226)
Qard Hassan against deficit in takaful operations' fund						
At the beginning of the period/year	26,032,226	-	26,032,226	45,681,014	19,142,509	26,538,505
Qard Hassan against deficit in takaful operations' fund	(417,349)	-	(417,349)	(19,648,788)	(19,142,509)	(506,279)
Qard Hassan against deficit in takaful operations' fund (Ending)	25,614,877	-	25,614,877	26,032,226	-	26,032,226
Surplus in takaful operations' fund (Net)	6,767,454	6,767,454	-	4,195,430	4,195,430	-

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21 Capital management

(i) Governance framework

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

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

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

(ii) Capital management framework

The primary objective of the Group's capital management is to comply with the regulatory requirements in the UAE and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

(iii) Regulatory framework

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

As per Article (8) of Section 2 of the Financial Regulations, the Group is required, at all times, to comply with the requirements of Solvency Margin. The solvency position of the Group as of 31 March 2023 and 31 December 2023 is presented below.

	31 March 2024 (Unaudited) AED'000	31 December 2023 (Audited) AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	25,412	26,340
Minimum Guarantee Fund (MGF)	20,000	20,000
Total Basic Own Funds	(32,742)	(33,967)
MCR Solvency Margin - Surplus / (Deficit)	(132,742)	(133,967)
SCR Solvency Margin - Surplus / (Deficit)	(53,282)	(59,379)
MGF Solvency Margin - Surplus / (Deficit)	(52,742)	(53,967)

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21 Capital management (continued)

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

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

22 Fair value of financial instruments

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

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

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

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

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22 Fair value of financial instruments (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 March 2023	31 December 2023				
	AED'000 (Unaudited)	AED'000 (Audited)				
Financial assets at FVOCI						
Quoted equity securities	<u>16,833</u>	<u>25,226</u>	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity securities	<u>3,325</u>	<u>3,325</u>	Level 3	Net assets valuation method and comparable multiples approach	Net assets value	Higher the net assets value of the investees, higher the fair value
Financial assets at FVTPL						
Quoted equity securities	<u>544</u>	<u>21,270</u>	Level 1	Quoted bid prices in an active market	None	Not applicable
Unit linked investments						
Unit linked investments	<u>676,016</u>	<u>705,670</u>	Level 3	Net assets valuation method	Net assets value	Higher the net assets value of the investees, higher the fair value

There were no transfers between each of the levels during the period/year ended 31 March 2024 and 31 December 2023.

There were no changes in the valuation techniques and key inputs during the period/year ended 31 March 2024 and 31 December 2023.

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

	31 March 2024	31 December 2023
	AED'000 (Unaudited)	AED'000 (Audited)
At beginning of period/year	3,325	3,557
Changes in fair value	-	(232)
At end of period/year	<u>3,325</u>	<u>3,325</u>

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

	31 March 2024	31 December 2023
	AED'000 (Unaudited)	AED'000 (Audited)
<i>Unit linked investments</i>		
At beginning of period/year	705,670	782,291
Net change during the period/year (change in fair value and net investment/withdrawal)	(29,654)	(76,621)
At end of period/year	<u>676,016</u>	<u>705,670</u>

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22 Fair value of financial instruments (continued)

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

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 (other than unit linked investments), changing one or more of the assumptions by 5% would have an impact of AED 166,261 (2023: AED 166,261).

23 Significant events

The Group also had other assets held by an entity controlled by the former CEO on behalf of the Group which have been disposed of without the Group's approval. The total value of these assets on the date of purchase was approximately AED 11.3 million (2023: AED 11.3 million). The Group has initiated legal proceedings in regard to the recovery of the said amount. Moreover, the group has taken all the executive legal procedures concerning the recovery of the claim. These assets have been fully provided for in the condensed interim consolidated financial information as of 31 March 2024 and 31 December 2023 and recognition of the contingent asset will only be made once the success of the legal action is certain.

24 Subsequent events

Heavy Rainfall in UAE

On 16 April 2024, UAE witnessed unprecedented heavy rainfall causing widespread disruption across the country. The Group's investment in technology and digitalization, coupled with a robust risk management framework, places us on a strong footing to navigate these new challenges. The Group is closely monitoring and assessing the net impact of the event.

25 Comparative presentation

Certain comparative presentation in the condensed interim consolidated financial information has been reclassified to conform the current period's presentation. Such reclassifications have no effect on the previously reported loss or equity of the Group.

26 Approval of condensed interim consolidated financial information

The condensed interim consolidated financial information was approved and authorised for issue by the Board of Directors on 15 May 2024.