

**TAKAFUL EMARAT - INSURANCE
(PSC) AND ITS SUBSIDIARY**

Interim condensed consolidated financial information (Unaudited)
For the six-month period ended 30 June 2024

Review Report of the Independent Auditor To the Shareholders of Takaful Emarat - Insurance (PSC) and its subsidiary

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Takaful Emarat - Insurance (PSC) (the "Company") and its subsidiary (collectively referred to as the "Group") as at 30 June 2024, and the related interim condensed consolidated statement of income statement and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows for the six-month period then ended and material accounting policy information and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed 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 interim condensed 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.

Material Uncertainty due to Going Concern

We draw attention to Note 3 to the interim condensed consolidated financial information, which indicates that the Group's incurred a loss for the six-month period ended 30 June 2024 of AED 12.8 million, and as at that date, the accumulated losses amounted to AED 194.1 million and a shareholders' deficit of AED 52.5 million. Further, as stated in Note 25, the Group did not meet the Minimum Capital Requirements. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 25 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The interim condensed consolidated financial information has been prepared on a going concern basis as the Group's shareholders have committed to provide financial support to the Group to enable it to meet its obligations as they fall due. Our opinion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".


GRANT THORNTON UAE

Farouk Mohamed
Registration No: 86
Dubai, United Arab Emirates

13 August 2024

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)

Interim condensed consolidated statement of financial position
As at 30 June 2024

	Notes	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
Assets			
Participants' assets			
Investment properties	6	91,463	83,984
Investments carried at FVTPL	7	385,813	343,196
Retakaful contract assets	8	36,828	33,700
Other receivables	9	3,944	5,648
Due from shareholders		126,998	106,471
Cash and bank balances	11	67,989	50,791
Total participants' assets		713,035	623,790
Shareholders' assets			
Property and equipment		651	715
Intangible assets		219	490
Investments carried at FVTPL	7	4,829	4,829
Other receivables	9	3,910	4,800
Statutory deposit	10	4,000	4,000
Cash and bank balances	11	46,587	25,450
Deferred tax assets		930	-
Total shareholders' assets		61,126	40,284
Total assets		774,161	664,074

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

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)
Interim condensed consolidated statement of financial position (continued)
As at 30 June 2024

		(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
	Notes		
Participants' liabilities and deficit			
Participants' liabilities			
Takaful contract liabilities	8	634,943	536,243
Retakaful contract liabilities	8	5,712	3,453
Other payables	14	16,870	18,370
Total participants' liabilities		657,525	558,066
Deficit in participants funds and Qard Hassan from shareholder's			
Deficit in participants funds	15	(69,655)	(65,724)
Qard Hassan from Shareholder's	15	69,655	65,724
Deficit in participants funds and Qard Hassan from shareholder's		-	-
Total participants' liabilities and deficit		657,525	558,066
Shareholder's liability and deficit			
Shareholder's liabilities			
Employees' end of service benefits		3,431	3,636
Other payables	14	38,708	35,553
Due to participants		126,998	106,471
Total shareholder's liabilities		169,137	145,660
Shareholder's deficit			
Share capital	12	150,000	150,000
Statutory reserve	13	6,568	6,568
Retakaful reserves	13	1,966	1,966
Cumulative changes in fair value of FVTOCI investments		(16,922)	(16,922)
Accumulated losses		(194,113)	(181,264)
Total shareholder's deficit		(52,501)	(39,652)
Total shareholder's deficit and liabilities		116,636	106,008
Total liabilities, participants' fund and equity		774,161	664,074

This interim condensed consolidated financial information was authorised for issue on 13 August 2024 by the Board of Directors and signed on their behalf by:

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Mr. Mohd Amin Abu Quora
Chief Executive Officer

Signed by:


Signed by:

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Mr. Mones Madani
Vice Chairman

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

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)

Interim condensed consolidated income statement
For the period ended 30 June 2024

		(Unaudited) Three-month period ended 30 June 2024 AED'000	(Unaudited) Three-month period ended 30 June 2023 AED'000	(Unaudited) Six-month period ended 30 June 2024 AED'000	(Unaudited) Six-month period ended 30 June 2023 AED'000
Attributable to participants					
Takaful revenue	16	106,108	55,230	190,162	102,631
Takaful service expense	17	(87,792)	(40,606)	(147,654)	(79,011)
Takaful service result before retakaful contracts held		18,316	14,624	42,508	23,620
Net (expenses)/ income from retakaful contracts held		(64)	1,166	(4,476)	4,309
Takaful service result		18,252	15,790	38,032	27,929
Takaful finance income/(expense)	18	38,615	21,781	13,949	(7,227)
Retakaful finance (expense)/income	18	(15)	(45)	(40)	115
Net change in fair value of participants' investment		(34,538)	(21,741)	(13,999)	7,131
Net takaful income		22,314	15,785	37,942	27,948
Investment income/ (loss) – net Wakala fees		520	(59)	1,345	592
		(27,248)	(8,458)	(43,218)	(20,264)
(Deficit)/surplus for the period attributable to participants		(4,414)	7,268	(3,931)	8,276
Attributable to shareholders					
Investment (loss)/ income		(108)	509	164	557
Other income/ (loss)		352	(40)	409	85
Wakala fees		27,248	8,458	43,218	20,264
Policy acquisition cost		(14,448)	(7,929)	(27,387)	(14,395)
General and administrative expenses	19	(12,835)	(8,004)	(26,252)	(15,580)
Profit/ (loss) for the period before Qard Hassan		209	(7,006)	(9,848)	(9,069)
(Loan)/ recovery against Qard Hassan to participants		(4,414)	7,268	(3,931)	8,276
(Loss)/ profit before tax attributable to shareholders		(4,205)	262	(13,779)	(793)
Income tax credit for the period		284	-	930	-
(Loss)/ profit after tax attributable to shareholders		(3,921)	262	(12,849)	(793)
Basic and diluted (loss)/ earnings per share	24	(0.026)	0.002	(0.086)	(0.005)

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

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)

Interim condensed consolidated statement of comprehensive income
For the period ended 30 June 2024

	(Unaudited) Three-month period ended 30 June 2024 AED'000	(Unaudited) Three-month period ended 30 June 2023 AED'000	(Unaudited) Six-month period ended 30 June 2024 AED'000	(Unaudited) Six-month period ended 30 June 2023 AED'000
Net (loss)/ income for the period	(3,921)	262	(12,849)	(793)
Other comprehensive income	-	-	-	-
Total other comprehensive (loss)/ income for the period	(3,921)	262	(12,849)	(793)

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

**Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)**

**Interim condensed consolidated statement of changes in equity
For the period ended 30 June 2024**

	Share capital AED'000	Statutory reserve AED'000	Retakaful reserve AED'000	Cumulative changes in fair value of investments (FVTOCI) AED'000	Accumulated losses AED'000	Total deficit AED'000
At 1 January 2023	150,000	6,568	1,268	(16,922)	(168,140)	(27,226)
Loss for the period	-	-	-	-	(793)	(793)
Total comprehensive loss for the period	-	-	-	-	(793)	(793)
Balance at 30 June 2023 (Unaudited)	150,000	6,568	1,268	(16,922)	(168,933)	(28,019)
At 1 January 2024 (audited)	150,000	6,568	1,966	(16,922)	(181,264)	(39,652)
Loss for the period	-	-	-	-	(12,849)	(12,849)
Total comprehensive loss for the period	-	-	-	-	(12,849)	(12,849)
At 30 June 2024 (Unaudited)	150,000	6,568	1,966	(16,922)	(194,113)	(52,501)

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

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)

Interim condensed consolidated statement of cash flows
For the period ended 30 June 2024

	(Unaudited) Six-month period ended 30 June 2024	(Unaudited) Six-month period ended 30 June 2023
Notes	AED'000	AED'000
Cash flows from operating activities		
Loss before tax for the period	(13,779)	(793)
Adjustments for:		
Depreciation and amortisation	273	456
Unrealised loss/ (gain) on investments carried at FVTPL	13,999	(7,132)
Provision for expected credit loss	166	25
Provision for employees' end of service benefits	531	98
Operating cash flows before changes in working capital	1,190	(7,346)
Changes in working capital:		
Changes in takaful contract assets	-	131
Changes in retakaful contract assets	(3,128)	(11,021)
Change in other receivables	2,594	12,790
Changes in takaful contract liabilities	98,700	45,099
Changes in retakaful contract liabilities	2,259	983
Change in other payables	1,655	(5,233)
Cash generated from operating activities	103,270	35,403
Employees end of service benefits paid	(617)	(267)
Net cash generated from operating activities	102,653	35,136
Cash flows from investing activities		
Change in deposits with maturity of more than three month	(25,000)	30,832
Net purchase from investments carried at FVTPL	(56,616)	(18,577)
Purchase of property and equipment	(72)	-
Addition to investments properties	(7,479)	(3,901)
Net cash (used in)/generated from investing activities	(89,167)	8,354
Cash flows from financing activity		
Repayment of ijarah financing	-	(17,500)
Net cash used in financing activity	-	(17,500)
Net change in cash and cash equivalents	13,486	25,990
Cash and cash equivalents at beginning of the period	62,701	62,828
Cash and cash equivalents at end of the period	76,187	88,818

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

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)

Notes to the interim condensed consolidated financial information
For the period ended 30 June 2024

1 Legal status and activities

Takaful Emarat - Insurance (PSC) (the “Company”) and its subsidiary, (collectively referred to as the “Group”) is a public stock company incorporated in the Emirate of Dubai – United Arab Emirates, subject to the regulations of the UAE Federal Law No. 32 of 2021 and the UAE Federal Law No. 48 of 2023 (previously UAE Federal Law No. 6 of 2007, as amended) relating to commercial companies in the UAE and is registered in the Insurance Companies Register of Central Bank of the United Arab Emirates.

The Group carries out takaful activities in Health Insurance, Life Insurance and Credit and Saving Insurance in accordance with the Islamic Sharia’a and within the provisions of the Articles of Association of the Group.

The registered address of the Group is P.O. Box 57589, Dubai, United Arab Emirates.

In 2023, Federal Law No. 48 of 2023 has been issued with effective date of 30 November 2023, repealing Federal Law No. 6 of 2007. In accordance with Article 112 of the Federal Law No. 48 of 2023, the Group has applied the provisions of the new Law and has amended its Articles of Association in compliance with the provisions of the law.

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.

This interim condensed consolidated financial information is prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. 32 of 2021.

This interim condensed consolidated financial information incorporates the financial information of the Company and its subsidiary (collectively referred to as the “Group”).

Subsidiary	Principal activity	Country of incorporation	Ownership	
<i>Directly owned</i>			2024	2023
Modern Tech Investment	Investment	United Arab Emirates	100%	100%

2 Application of new and revised international financial reporting standards (“IFRS”)

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

Standard number	Title	Effective date
IAS 1	Amendment to IAS 1 – Non-current liabilities with covenants and classification of liabilities as current or non-current	1 January 2024
IAS 7	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	1 January 2024
IFRS 16	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 these interim condensed consolidated financial information.

Takaful Emarat - Insurance (PSC) and its subsidiary Interim condensed consolidated financial information (Unaudited)

Notes to the interim condensed consolidated financial information For the period ended 30 June 2024

3 Basis of preparation

Statement of compliance

This interim condensed consolidated financial information is prepared in accordance with IAS 34 'Interim Financial Reporting' and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Law No. 32 of 2021, relating to commercial companies, and of UAE Federal Law No. 48 of 2023 concerning Financial Regulations of Insurance Companies issued by the Central Bank of United Arab Emirates and regulation of its operations. The interim condensed consolidated financial information is prepared in UAE Dirhams ("AED") being the economic, functional and reporting currency, rounded to the nearest thousand.

While applying the requirements of International Financial Reporting Standards 17 - Insurance Contracts (IFRS-17), the Group has considered policy acquisition cost and general and administrative expenses (attributable) for the assessment of takaful service expenses. This contradicts the principles as per Article 3.3 of Section 7 of the Financial Regulations for Takaful Companies (FRTC) as these are shareholders' expenses. Further, to align the presentation in line with FRTC requirements, the Group reclassified all maintenance and acquisition expenses from the takaful service expenses under the participants fund to the general expenses and acquisition cost to be under the shareholders' fund.

Fundamental accounting concept

The Group's incurred a loss for the six-month period ended 30 June 2024 of AED 12.8 million, and as at that date, the accumulated losses amounted to AED 194.1 million, a shareholders' deficit of AED 52.5 million and has net current liabilities of AED 294 million. Further, as disclosed in Note 25, the Group did not meet the Minimum Capital Requirements of AED 100 million, Solvency Capital Requirements of AED 66 million and Minimum Guarantee Fund of AED 41 million as at 30 June 2024. The Group has made a business plan to meet the solvency requirements which is submitted to the regulatory authorities. A material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Furthermore, as at 30 June 2024, the Group's accumulated losses represent 129% of the share capital of the Company (31 December 2023: 121%). Article 309 of the Federal Decree Law No. 32 of 2021 requires a Company to conduct a meeting of general assembly in case the accumulated losses exceed 50% of a Company's share capital. Accordingly, the Group conducted a general assembly meeting on 27 February 2024 and passed a resolution for continuity of the Group's operations. Further, the shareholders passed the following resolutions:

- offset the accumulated losses by AED 132 million through reducing the Group's share capital; and
- Increase the share capital of the Company by AED 185 million, which was approved in the Annual General Assembly meeting held on 14 June 2024. This is subject to final approval from the regulators. However, the Group has received a non-objection letter from the concerned regulated authorities to proceed with the capital restructuring.

Basis of measurement

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

- i. Financial assets at fair value through profit or loss ("FVTPL"); and
- ii. Investment properties.

The Group's interim condensed 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, Takaful and other receivables and Takaful and other payables. The following balances would generally be classified as non-current: property and equipment, intangible assets, investment properties, and statutory and other deposits. The following balances are of mixed nature (including both current and non-current portions), retakaful contract assets, takaful contract liabilities, bank balances and fixed deposits and provision for employees' end of service indemnity.

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)

Notes to the interim condensed consolidated financial information
For the period ended 30 June 2024

3 Basis of preparation (continued)

Functional and presentation currency

The interim condensed consolidated financial information is 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.

Basis of consolidation

The interim condensed consolidated financial information comprises the financial information of the Group and its subsidiaries as at 30 June 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial information of a subsidiary is included in the Group’s interim condensed consolidated financial information 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full consolidation.

4 Material accounting policies

The accounting policies applied by the Group in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in the annual consolidated financial statements for the period ended 31 December 2023, except for application of new standards effective as of January 2024 and several amendments and interpretations apply for the first time in 2024. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

5 Critical accounting estimates and judgements in applying accounting policies

The preparation of this interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the audited consolidated financial statements as at and for the year ended 31 December 2023.

Insurance and financial risk management

The Group insurance and financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2023. There have been no changes in any risk management policies since the year end.

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)

Notes to the interim condensed consolidated financial information
For the period ended 30 June 2024

6 Investment properties

Investment properties include plot of land, rented out apartments and apartments that are still under construction. All investment properties are located in the U.A.E.

The carrying amount of investment properties are the fair value of the properties as determined by two independent appraisers having an appropriate recognised professional qualification and recent experience in the region. Investment properties are being valued and reviewed by the Board of Directors on a yearly basis. Fair values were determined based on comparable method for rented out apartments and residual method of valuation for under construction properties.

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
Residential apartments*	20,834	20,834
Land**	23,275	23,275
Properties under development**	47,354	39,875
	<u>91,463</u>	<u>83,984</u>

* Residential apartments are classified as Level 3 in the fair value hierarchy as at 31 December 2023. Management believes there is no change in fair value of investment properties as at 30 June 2024. This includes rented apartments with a fair value of AED 12.3 million and apartments under construction with a fair value of AED 8.5 million (31 December 2023: rented apartments with a fair value of AED 12.3 million and apartments under construction with a fair value of AED 8.5 million).

** Land, on which construction is under progress, and the work in progress as at 30 June 2024 amounting to AED 70.6 million (31 December 2023 AED 63.2 million) are stated at its fair value. This includes land with fair value of AED 23.3 million and work in progress with an amount of AED 47.3 million (31 December 2023 land with fair value of AED 23.3 million and work in progress with an amount of AED 39.9 million).

	Apartments AED'000	Land AED'000	Properties under development AED'000	Total AED'000
30 June 2024 (Unaudited)				
As at 1 January	20,834	23,275	39,875	83,984
Addition in WIP	-	-	7,479	7,479
As at 30 June 2024	<u>20,834</u>	<u>23,275</u>	<u>47,354</u>	<u>91,463</u>
31 December 2023 (Audited)				
As at 1 January	13,266	15,402	29,037	57,705
Change in fair value during the period	7,568	7,873	-	15,441
Addition in WIP	-	-	10,838	10,838
As at 31 December 2023	<u>20,834</u>	<u>23,275</u>	<u>39,875</u>	<u>83,984</u>

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)

Notes to the interim condensed consolidated financial information
For the period ended 30 June 2024

7 Investments carried at FVTPL

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
Mutual funds	363,356	343,239
Equity investments – Quoted	22,500	-
Equity investments – Unquoted	4,786	4,786
	<u>390,642</u>	<u>348,025</u>
Attributable to:		
Participants	385,813	343,196
Shareholders	4,829	4,829
	<u>390,642</u>	<u>348,025</u>
Within UAE	94,373	79,748
Outside UAE	296,269	268,277
	<u>390,642</u>	<u>348,025</u>

The movement in financial assets are as follows:

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
As at 1 January	348,025	265,658
Purchased during the period/ year	261,491	538,977
Sold during the period/ year	(204,875)	(511,816)
Change in fair value during the period/ year	(13,999)	55,206
	<u>390,642</u>	<u>348,025</u>

Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)

Notes to the interim condensed consolidated financial information
For the period ended 30 June 2024

8 Takaful and retakaful contracts

The breakdown of groups of takaful and retakaful contracts issued, and retakaful contracts held, that are in an asset position and those in a liability position is set out in the table below:

	(Unaudited)			(Audited)		
	30 June 2024			31 December 2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Takaful contracts issued						
Group life and medical	-	(277,641)	(277,641)	-	(206,651)	(206,651)
Individual life	-	(357,302)	(357,302)	-	(329,592)	(329,592)
Total takaful contracts issued	-	(634,943)	(634,943)	-	(536,243)	(536,243)
Retakaful contracts held						
Group life and medical	36,828	-	36,828	33,700	-	33,700
Individual life	-	(5,712)	(5,712)	-	(3,453)	(3,453)
Total retakaful contracts held	36,828	(5,712)	31,116	33,700	(3,453)	30,247

**Takaful Emarat - Insurance (PSC) and its subsidiary
Interim condensed consolidated financial information (Unaudited)**

Notes to the interim condensed consolidated financial information
For the period ended 30 June 2024

8 Takaful and retakaful contracts (continued)

Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) for takaful contracts

30 June 2024 (Unaudited)	Liability for remaining coverage		LIC for contracts not measured under the PAA		LIC for contracts measured under the PAA		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	LIC for contracts not measured under the PAA AED'000	Present value of future cash flows AED'000	Risk adjustment AED'000	Total AED'000	
Takaful contracts issued	(439,484)	(12,491)	(5,412)	(76,780)	(2,076)	(536,243)	
Opening takaful contract liabilities	(439,484)	(12,491)	(5,412)	(76,780)	(2,076)	(536,243)	
Net balance as at 1 January 2024	190,162	-	-	-	-	190,162	
Takaful revenue	-	-	-	-	-	-	
Takaful service expenses	-	-	(30,138)	(149,865)	(4,499)	(184,502)	
Incurred claims and other directly attributable expenses	-	-	28,403	1,534	3,923	33,860	
Changes that relate to past service - adjustments to the LIC	-	(13,692)	-	-	-	(13,692)	
Losses on onerous contracts and reversal of those losses	(27,387)	-	-	-	-	(27,387)	
Takaful acquisition cash flows amortisation	(27,387)	(13,692)	(1,735)	(148,331)	(576)	(191,721)	
Total takaful service expenses	162,775	(13,692)	(1,735)	(148,331)	(576)	(1,559)	
Takaful service result	13,995	(25)	(21)	-	-	13,949	
Finance income/ (expenses) from takaful contracts issued	8,624	-	(8,624)	-	-	-	
Investment components	185,394	(13,717)	(10,380)	(148,331)	(576)	12,390	
Total amounts recognised in comprehensive income	(282,620)	-	-	-	-	(282,620)	
Cash flows	-	-	12,320	122,442	-	134,762	
Premiums received	36,768	-	-	-	-	36,768	
Claims and other directly attributable expenses paid	(245,852)	-	12,320	122,442	-	(111,090)	
Takaful acquisition cash flows paid	(499,942)	(26,208)	(3,472)	(102,669)	(2,652)	(634,943)	
Total cash flows							
Net takaful contract liabilities at 30 June 2024							

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8 Takaful and retakaful contracts (continued)

Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) for takaful contracts (continued)

31 December 2023 (Audited)	Liability for remaining coverage		LIC for contracts not measured under the PAA		LIC for contracts measured under the PAA		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	LIC for contracts not measured under the PAA AED'000	Present value of future cash flows AED'000	Risk adjustment AED'000	AED'000	
Takaful contracts issued							
Opening takaful contract assets	765	(634)	-	-	-	131	
Opening takaful contract liabilities	(294,914)	-	(6,553)	(101,976)	(2,772)	(406,215)	
Net balance as at 1 January 2023	(294,149)	(634)	(6,553)	(101,976)	(2,772)	(406,084)	
Takaful revenue	228,705	-	-	-	-	228,705	
Takaful service expenses							
Incurred claims and other directly attributable expenses	-	-	(3,579)	(183,785)	(5,236)	(192,600)	
Changes that relate to past service - adjustments to the LIC	-	-	478	(3,798)	5,931	2,611	
Losses on onerous contracts and reversal of those losses	-	(11,920)	-	-	-	(11,920)	
Takaful acquisition cash flows amortisation	(34,945)	-	-	-	-	(34,945)	
Total takaful service expenses	(34,945)	(11,920)	(3,101)	(187,583)	695	(236,854)	
Takaful service result	193,760	(11,920)	(3,101)	(187,583)	695	(8,149)	
Finance (expenses)/income from takaful contracts issued	(57,895)	63	(17)	-	1	(57,848)	
Investment components	68,664	-	(68,664)	-	-	-	
Total amounts recognised in comprehensive income	204,529	(11,857)	(71,782)	(187,583)	696	(65,997)	
Cash flows							
Premiums received	(405,823)	-	-	-	-	(405,823)	
Claims and other directly attributable expenses paid	-	-	72,923	212,779	-	285,702	
Takaful acquisition cash flows paid	55,959	-	-	-	-	55,959	
Total cash flows	(349,864)	-	72,923	212,779	-	(64,162)	
Net takaful contract liabilities at 31 December 2023	(439,484)	(12,491)	(5,412)	(76,780)	(2,076)	(536,243)	

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8 Takaful and retakaful contracts (continued)

Reconciliation of the components of takaful contract liabilities - Contracts not measured under the PAA

30 June 2024 (Unaudited)	Best estimate liability AED'000	Risk adjustment AED'000	Contractual service margin AED'000	Total AED'000
Opening takaful contract liabilities	(306,761)	(8,706)	(14,125)	(329,592)
Net balance as at 1 January 2024	(306,761)	(8,706)	(14,125)	(329,592)
Changes related to current services				
- CSM recognised in profit and loss	-	-	2,223	2,223
- Risk Adjustment recognised in profit and loss	-	728	-	728
- Experience adjustments	(18,382)	(406)	-	(18,788)
Changes related to future services				
- Contracts initially recognised in the period	(146)	(861)	(88)	(1,095)
- Changes in estimates that adjust CSM	16,181	(363)	(15,818)	-
- Changes in estimates that result in onerous contracts or reversal of losses	(11,463)	199	-	(11,264)
Changes that relate to past service - adjustments to LIC	28,004	399	-	28,403
Takaful finance income/ (expense) through profit and loss	13,966	-	(17)	13,949
Total changes in statement of comprehensive income	28,160	(304)	(13,700)	14,156
Premiums received	(61,989)	-	-	(61,989)
Claims and other directly attributable expenses paid	12,322	-	-	12,322
Takaful acquisition cash flows paid	7,801	-	-	7,801
Total cash flows	(41,866)	-	-	(41,866)
Net takaful contract liabilities at 30 June 2024	(320,467)	(9,010)	(27,825)	(357,302)

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8 Takaful and retakaful contracts (continued)

Reconciliation of the components of takaful contract liabilities - Contracts not measured under the PAA (continued)

31 December 2023 (Audited)	Best estimate liability AED'000	Risk adjustment AED'000	Contractual service margin AED'000	Total AED'000
Opening takaful contract assets	759	(71)	(557)	131
Opening takaful contract liabilities	(217,226)	(7,737)	(15,180)	(240,143)
Net balance as at 1 January 2023	(216,467)	(7,808)	(15,737)	(240,012)
Changes related to current services				
- CSM recognised in profit and loss	-	-	1,422	1,422
- Risk Adjustment recognised in profit and loss	-	885	-	885
- Experience adjustments	4,856	(398)	-	4,458
Changes related to future services				
- Contracts initially recognised in the period	(1,016)	(1,631)	(366)	(3,013)
- Changes in estimates that adjust CSM	(356)	(242)	598	-
- Changes in estimates that result in onerous contracts or reversal of losses	(4,664)	30	-	(4,634)
Changes that relate to past service - adjustments to LIC	19	458	-	477
Takaful finance expenses through profit and loss	(57,806)	-	(42)	(57,848)
Total changes in statement of comprehensive income	(58,967)	(898)	1,612	(58,253)
Premiums received	(124,538)	-	-	(124,538)
Claims and other directly attributable expenses paid	72,927	-	-	72,927
Takaful acquisition cash flows paid	20,284	-	-	20,284
Total cash flows	(31,327)	-	-	(31,327)
Net takaful contract liabilities at 31 December 2023	(306,761)	(8,706)	(14,125)	(329,592)

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8 Takaful and retakaful contracts (continued)

Reconciliation of the assets for remaining coverage (ARC) and the assets for incurred claims (LIC) for retakaful contracts

30 June 2024 (Unaudited)	Asset for remaining coverage		AIC for contracts not measured under the PAA	AIC for contracts measured under the PAA		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	AIC for contracts not measured under the PAA AED'000	Present value of future cash flows AED'000	Risk adjustment AED'000	
Retakaful contracts issued						
Opening retakaful contract assets	(27,762)	1,813	-	58,620	1,029	33,700
Opening retakaful contract liabilities	(13,908)	7,368	3,087	-	-	(3,453)
Net balance as at 1 January 2024	(41,670)	9,181	3,087	58,620	1,029	30,247
Allocation of retakaful premium	(83,744)	-	-	-	-	(83,744)
Amounts recoverable for claims and other expenses	-	-	433	75,812	896	77,141
Changes that relate to past service - adjustments to LIC	-	-	(10)	4,852	(520)	4,322
Changes in fulfilment cash flows that do not adjust underlying CSM	-	(2,195)	-	-	-	(2,195)
Expenses directly attributable to retakaful	-	-	(29)	(690)	-	(719)
Net (expenses)/ income from retakaful contracts held	(83,744)	(2,195)	394	79,974	376	(5,195)
Finance (expenses)/ income from retakaful contracts issued	(52)	-	12	-	-	(40)
Total amounts recognised in comprehensive income	(83,796)	(2,195)	406	79,974	376	(5,235)
Cash flows						
Premiums paid to retakaful net of commission	18,618	-	-	-	-	18,618
Recoveries from retakaful	-	-	-	(13,296)	-	(13,296)
Directly attributable expenses paid	-	-	64	718	-	782
Total cash flows	18,618	-	64	(12,578)	-	6,104
Net retakaful contract liabilities at 30 June 2024	(106,848)	6,986	3,557	126,016	1,405	31,116
Closing retakaful contract assets	(93,513)	2,920	-	126,016	1,405	36,828
Closing retakaful contract liabilities	(13,335)	4,066	3,557	-	-	(5,712)
Net retakaful contract liabilities at 30 June 2024	(106,848)	6,986	3,557	126,016	1,405	31,116

**Takaful Emarat - Insurance (PSC) and its subsidiary
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8 Takaful and retakaful contracts (continued)

Reconciliation of the assets for remaining coverage (ARC) and the assets for incurred claims (LIC) for retakaful contracts (continued)

31 December 2023 (Audited)	Asset for remaining coverage		AIC for contracts not measured under the PAA		AIC for contracts measured under the PAA		Total AED'000
	Excluding loss component AED'000	Loss component AED'000	contracts not measured under the PAA AED'000	contracts not measured under the PAA AED'000	Present value of future cash flows AED'000	Risk adjustment AED'000	
Retakaful contracts issued							
Opening retakaful contract assets	(11,919)	-	-	-	22,818	676	11,575
Opening retakaful contract liabilities	(14,725)	-	830	-	-	-	(13,895)
Net balance as at 1 January 2023	(26,644)	-	830	-	22,818	676	(2,320)
Allocation of retakaful premium	(105,790)	-	-	-	-	-	(105,790)
Amounts recoverable for claims and other expenses	-	-	138	-	89,994	1,693	91,825
Changes that relate to past service - adjustments to LIC	-	-	12	-	9,058	(1,340)	7,730
Changes in fulfilment cash flows that do not adjust underlying CSM	-	9,181	-	-	-	-	9,181
Expenses directly attributable to retakaful	-	-	(571)	-	(1,114)	-	(1,685)
Net (expenses)/income from retakaful contracts held	(105,790)	9,181	(421)	-	97,938	353	1,261
Finance (expenses)/ income from retakaful contracts issued	1,340	-	2	-	-	-	1,342
Total amounts recognised in comprehensive income	(104,450)	9,181	(419)	-	97,938	353	2,603
Cash flows							
Premiums paid to retakaful net of commission	89,424	-	-	-	-	-	89,424
Recoveries from retakaful	-	-	2,023	-	(63,479)	-	(61,456)
Directly attributable expenses paid	-	-	653	-	1,343	-	1,996
Total cash flows	89,424	-	2,676	-	(62,136)	-	29,964
Net retakaful contract liabilities at 31 December 2023	(41,670)	9,181	3,087	-	58,620	1,029	30,247
Closing retakaful contract assets	(27,762)	1,813	-	-	58,620	1,029	33,700
Closing retakaful contract liabilities	(13,908)	7,368	3,087	-	-	-	(3,453)
Net retakaful contract liabilities at 31 December 2023	(41,670)	9,181	3,087	-	58,620	1,029	30,247

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8 Takaful and retakaful contracts (continued)

Reconciliation of the components of retakaful contract liabilities - Contracts not measured under the PAA

	Best estimate liability AED'000	Risk adjustment AED'000	Contractual service margin AED'000	Total AED'000
30 June 2024 (Unaudited)	(7,098)	573	3,072	(3,453)
Opening retakaful contract liabilities as at 1 January 2024				
Changes related to current services				
- CSM recognised in profit and loss	-	-	299	299
- Risk adjustment recognised in profit and loss	-	(35)	-	(35)
- Experience adjustments	448	7	-	455
Changes related to future services				
- Contracts initially recognised in the period	(13)	3	9	(1)
- Changes in estimates that adjust CSM	(1,245)	14	1,231	-
- Changes in estimates that result in onerous contracts or reversal of losses	-	-	(3,303)	(3,303)
- Changes that relate to past service - adjustments to LIC	(13)	3	-	(10)
- Retakaful finance expenses through profit and loss	(101)	-	61	(40)
Total changes in statement of comprehensive income	(924)	(8)	(1,703)	(2,635)
Premiums paid to reinsurer net of commission	312	-	-	312
Directly attributable expenses paid	64	-	-	64
Total cash flows	376	-	-	376
Closing retakaful contract liabilities as at 30 June 2024	(7,646)	565	1,369	(5,712)

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8 Takaful and retakaful contracts (continued)

Reconciliation of the components of retakaful contract liabilities - Contracts not measured under the PAA (continued)

	Best estimate liability AED'000	Risk adjustment AED'000	Contractual service margin AED'000	Total AED'000
31 December 2023 (Audited)				
Opening retakaful contract liabilities as at 1 January 2023	(16,823)	1,173	1,755	(13,895)
Changes related to current services				
- CSM recognised in profit and loss	-	-	1,411	1,411
- Risk adjustment recognised in profit and loss	-	76	-	76
- Experience adjustments	(1,759)	(7)	-	(1,766)
Changes related to future services				
- Contracts initially recognised in the period	(154)	15	139	-
- Changes in estimates that adjust CSM	8,376	(707)	(7,668)	1
- Changes in estimates that result in onerous contracts or reversal of losses	-	-	7,368	7,368
- Changes that relate to past service - adjustments to LIC	(11)	23	-	12
- Retakaful finance expenses through profit and loss	1,276	-	67	1,343
Total changes in statement of comprehensive income	7,728	(600)	1,317	8,445
Premiums paid to reinsurer net of commission	(676)	-	-	(676)
Recoveries from retakaful	2,020	-	-	2,020
Directly attributable expenses paid	653	-	-	653
Total cash flows	1,997	-	-	1,997
Closing retakaful contract liabilities as at 31 December 2023	(7,098)	573	3,072	(3,453)

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9 Other receivables

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
Investment receivables	890	343
Prepayments	754	1,759
Advances	12	631
Other receivables	6,198	7,715
	<u>7,854</u>	<u>10,448</u>
Attributable to:		
Participants	3,944	5,648
Shareholders	3,910	4,800
	<u>7,854</u>	<u>10,448</u>

10 Statutory deposit

Statutory deposit of amounting AED 4 million is maintained in accordance with the requirements of UAE Federal Law No. (48) of 2023 for the purpose of carrying on takaful operations in the United Arab Emirates and is not available to finance the day-to-day operations of the Group.

11 Cash and bank balances

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000	(Unaudited) 30 June 2023 AED'000
Cash on hand	145	45	185
Cash at banks	76,042	62,656	88,633
Term deposit having maturity more than 3 month	38,610	13,610	10,310
Less: Expected credit losses	(221)	(70)	(76)
Cash and bank balances	<u>114,576</u>	<u>76,241</u>	<u>99,052</u>

For the purpose of cash flow, the cash and cash equivalents at each period end is as follows:

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000	(Unaudited) 30 June 2023 AED'000
Cash and bank balances	114,576	76,241	99,052
Add: Expected credit losses	221	70	76
Less: Term deposit having maturity more than 3 month	(38,610)	(13,610)	(10,310)
Cash and cash equivalents	<u>76,187</u>	<u>62,701</u>	<u>88,818</u>
Attributable to:			
Participants		67,989	50,791
Shareholders		46,587	25,450
		<u>114,576</u>	<u>76,241</u>

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12 Share capital

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
<i>Authorised issued and fully paid</i>		
150,000,000 ordinary shares of AED 1 each	<u>150,000</u>	<u>150,000</u>

13 Statutory reserves

Statutory reserve

In accordance with U.A.E. Law No. (32) of 2021, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law. No transfer to the statutory reserve has been made during the six-month period ended 30 June 2024 (31 December 2023: Nil), as this will be based on the results for the year-end.

Retakaful reserve

In accordance with Article 34 of Central Bank of UAE's Board of Directors Decision No. (23) Article 34, an amount of nil (31 December 2023: AED 0.7 million) based on the retakaful share of premium at the rate of 0.5% was transferred from retained earnings/ accumulated losses to retakaful reserve and the management perform calculation and transfer reserves on annual basis. The reserves are not available for distribution and will not be disposed of without prior approval from CBUAE.

14 Other payables

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
Account payables	16,731	16,327
Payable to DHA	18,019	17,706
Accrued expenses	3,608	2,261
Employee related accruals	1,957	2,597
Other payables	<u>15,263</u>	<u>15,032</u>
	<u>55,578</u>	<u>53,923</u>
Attributable to:		
Participants	16,870	18,370
Shareholders	<u>38,708</u>	<u>35,553</u>
	<u>55,578</u>	<u>53,923</u>

15 Qard Hasan

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
(i) Deficit in participants' fund:		
As at 1 January	(65,724)	(93,516)
(Deficit) / surplus during the period/ year	<u>(3,931)</u>	<u>27,792</u>
Closing balance	<u>(69,655)</u>	<u>(65,724)</u>

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15 Qard Hasan (continued)

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
(ii) Qard Hasan from shareholders		
As at 1 January	65,724	93,516
(Loan) / recovery during the period/ year	3,931	(27,792)
Closing balance	<u>69,655</u>	<u>65,724</u>

16 Takaful revenue

For the six-month period ended 30 June 2024 (Unaudited)	Group life and medical AED'000	Individual life AED'000	Total AED'000
CSM recognised for services provided	-	2,223	2,223
Change in risk adjustment for non-financial risk for risk expired	-	602	602
Expected incurred claims and other takaful service expenses	-	2,301	2,301
Experience adjustments	-	8,377	8,377
Recovery of takaful acquisition cash flows	-	3,794	3,794
Contracts not measured under the PAA	-	17,297	17,297
Contracts measured under the PAA	172,865	-	172,865
Total takaful revenue	<u>172,865</u>	<u>17,297</u>	<u>190,162</u>
For the six-month period ended 30 June 2023 (Unaudited)	Group life and medical AED'000	Individual life AED'000	Total AED'000
CSM recognised for services provided	-	3,652	3,652
Change in risk adjustment for non-financial risk for risk expired	-	404	404
Expected incurred claims and other takaful service expenses	-	4,081	4,081
Experience adjustments	-	1,328	1,328
Recovery of takaful acquisition statements	-	1,459	1,459
Contracts not measured under the PAA	-	10,924	10,924
Contracts measured under the PAA	91,707	-	91,707
Total takaful revenue	<u>91,707</u>	<u>10,924</u>	<u>102,631</u>

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16 Takaful revenue (continued)

For the three-month period ended 30 June 2024 (Unaudited)	Group life and medical AED'000	Individual life AED'000	Total AED'000
CSM recognised for services provided	-	1,522	1,522
Change in risk adjustment for non-financial risk for risk expired	-	247	247
Expected incurred claims and other takaful service expenses	-	875	875
Experience adjustments	-	6,771	6,771
Recovery of takaful acquisition statements	-	1,854	1,854
Contracts not measured under the PAA	-	11,269	11,269
Contracts measured under the PAA	94,839	-	94,839
Total takaful revenue	94,839	11,269	106,108

For the three-month period ended 30 June 2023 (Unaudited)	Group life and medical AED'000	Individual life AED'000	Total AED'000
CSM recognised for services provided	-	2,594	2,594
Change in risk adjustment for non-financial risk for risk expired	-	211	211
Expected incurred claims and other takaful service expenses	-	2,131	2,131
Experience adjustments	-	1,608	1,608
Recovery of takaful acquisition statements	-	800	800
Contracts not measured under the PAA	-	7,344	7,344
Contracts measured under the PAA	47,886	-	47,886
Total takaful revenue	47,886	7,344	55,230

17 Takaful service expense

For the six-month period ended 30 June 2024 (Unaudited)	Group life and medical AED'000	Individual life AED'000	Total AED'000
Incurring claims and other expenses	138,932	28,890	167,822
Losses on onerous contracts and reversals of those losses	2,131	11,561	13,692
Changes to liabilities for incurred claims	(5,498)	(28,362)	(33,860)
Total takaful service expenses charged to participants' fund	135,565	12,089	147,654
Other expenses allocated to shareholders' fund			
Amortisation of takaful acquisition cash flows	23,634	3,753	27,387
Takaful maintenance expenses	15,432	1,248	16,680
Total other expenses charged to shareholders' fund	39,066	5,001	44,067
Total takaful service expenses	174,631	17,090	191,721

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17 Takaful service expense (continued)

For the six-month period ended 30 June 2023 (Unaudited)	Group life and medical AED'000	Individual life AED'000	Total AED'000
Incurring claims and other expenses	71,866	601	72,467
Losses on onerous contracts and reversals of those losses	-	(38)	(38)
Changes to liabilities for incurred claims	6,664	(82)	6,582
Total takaful service expenses charged to participants' fund	78,530	481	79,011
Amortisation of takaful acquisition cash flows	12,936	1,459	14,395
Takaful maintenance expenses	8,746	1,732	10,478
Total other expenses charged to shareholders' fund	21,682	3,191	24,873
Total takaful service expenses	100,212	3,672	103,884
	Group life and medical AED'000	Individual life AED'000	Total AED'000
For the three-month period ended 30 June 2024 (Unaudited)			
Incurring claims and other expenses	67,177	27,979	95,156
Losses on onerous contracts and reversals of those losses	1,618	18,195	19,813
Changes to liabilities for incurred claims	1,037	(28,214)	(27,177)
Total takaful service expenses charged to participants' fund	69,832	17,960	87,792
Other expenses allocated to shareholders' fund			
Amortisation of takaful acquisition cash flows	12,552	1,855	14,407
Takaful maintenance expenses	8,564	571	9,135
Total other expenses charged to shareholders' fund	21,116	2,426	23,542
Total takaful service expenses	90,948	20,386	111,334
	Group life and medical AED'000	Individual life AED'000	Total AED'000
For the three-month period ended 30 June 2023 (Unaudited)			
Incurring claims and other expenses	32,986	(157)	32,829
Losses on onerous contracts and reversals of those losses	-	150	150
Changes to liabilities for incurred claims	7,336	291	7,627
Total takaful service expenses charged to participants' fund	40,322	284	40,606
Amortisation of takaful acquisition cash flows	7,129	800	7,929
Takaful maintenance expenses	4,077	1,318	5,395
Total other expenses charged to shareholders' fund	11,206	2,118	13,324
Total takaful service expenses	51,528	2,402	53,930

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18 Takaful and retakaful finance income and expense

	(Unaudited) Six-month period ended 30 June 2024 AED'000	(Unaudited) Six-month period ended 30 June 2023 AED'000
Takaful finance income/ (expenses)	13,949	(7,227)
Retakaful finance (expenses)/ income	(40)	115
	<u>13,909</u>	<u>(7,112)</u>

19 General and administrative expenses

	(Unaudited) Three-month period ended 30 June 2024 AED'000	(Unaudited) Three-month period ended 30 June 2023 AED'000	(Unaudited) Six-month period ended 30 June 2024 AED'000	(Unaudited) Six-month period ended 30 June 2023 AED'000
Salaries and other benefits	5,417	4,140	9,940	7,532
TPA expenses	4,966	926	8,732	3,381
Legal and professional fees	976	1,689	2,733	1,764
Depreciation and amortisation	70	213	273	454
Utilities, maintenance and communication	74	84	179	185
Ijarah finance expenses	-	-	-	375
Miscellaneous expenses	1,332	952	4,395	1,889
	<u>12,835</u>	<u>8,004</u>	<u>26,252</u>	<u>15,580</u>

20 Contingent liabilities

On 30 June 2024, the Group had contingent liabilities in respect of medical claims and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 1.3 million (31 December 2023: AED 1.3 million).

Legal claims

The Group, in common with most insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Group's income or financial condition.

Capital commitments

Capital commitments for under construction properties as at 30 June 2024 amounted to AED 7.9 million (31 December 2023: AED 6.5 million).

Other commitments

The Group has lease agreements which are payable as follows:

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
Less than one year	<u>108</u>	<u>634</u>

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21 Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled, or significantly influenced by such parties. The pricing policies and terms of these transactions are approved by the Group's management.

Compensation of the key management personnel is given below:

	(Unaudited) Six-month period ended 30 June 2024 AED'000	(Unaudited) Six-month period ended 30 June 2023 AED'000
Short/long term employee benefits	3,670	1,977

The Group has no balance receivable and payable from its related parties.

22 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. As such, differences can arise between book values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial information approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of assets and liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2023.

Fair value measurements recognised in the consolidated statement of financial position The following table provides an analysis of assets and liabilities 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:

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); and

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 table on next page gives information about how the fair values of these financial assets are determined:

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22 Financial instruments (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value (continued)

	Level 1	Level 2	Level 3	Total
30 June 2024 (Unaudited)	AED'000	AED'000	AED'000	AED'000
<i>Investments at fair value through profit or loss</i>				
Mutual funds	-	363,356	-	363,356
Equity investments – quoted	22,500	-	-	22,500
Equity investments – Unquoted	-	-	4,786	4,786
	<u>22,500</u>	<u>363,356</u>	<u>4,786</u>	<u>390,642</u>
31 December 2023 (Audited)				
<i>Investments at fair value through profit or loss</i>				
Mutual funds	-	343,239	-	343,239
Equity investments – Unquoted	-	-	4,786	4,786
	<u>-</u>	<u>343,239</u>	<u>4,786</u>	<u>348,025</u>

During the period ended 30 June 2024, there were no transfers made between fair value levels. (31 December 2023: No transfer).

23 Segment information

For management purposes, the Group is organised into two business segments; Takaful and investment operations. The takaful operations comprise the takaful business undertaken by the Group on behalf of policyholders. Investment operations comprise investments and cash management for the Group's own account. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which in certain respects is measured differently from profit or loss in the interim condensed consolidated financial information.

Except for wakalah fees, allocation charges and Qard Hassan, no other inter-segment transactions occurred during the period.

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23 Segment information (continued)

These segments are the basis on which the Group reports its primary segment information. Segmental information is presented below:

	2024		2023		Total AED'000
	Attributable to participants AED'000	Attributable to shareholders AED'000	Attributable to participants AED'000	Attributable to shareholders AED'000	
For the six-month period ended 30 June (Unaudited)					
<i>Takaful</i>					
Takaful revenue	190,162	-	102,631	-	102,631
Takaful service expenses	(147,654)	-	(79,011)	-	(79,011)
Takaful service result before retakaful contracts held	42,508	-	23,620	-	23,620
Net expenses from retakaful contracts held	(4,476)	-	4,309	-	4,309
Takaful service results	38,032	-	27,929	-	27,929
Takaful finance income/ (loss)	13,949	-	(7,227)	-	(7,227)
Retakaful finance (loss)/income	(40)	-	115	-	115
Net change in fair value of participants' investments	(13,999)	-	7,131	-	7,131
Net takaful income	37,942	-	27,948	-	27,948
Investment income- net	1,345	164	592	557	1,149
Other income	-	409	-	85	85
Wakala fees	(43,218)	43,218	(20,264)	20,264	-
Policy acquisition cost	-	(27,387)	-	(14,395)	(14,395)
General and administrative expenses	-	(26,252)	-	(15,580)	(15,580)
(Loss)/profit before tax for the period	(3,931)	(9,848)	8,276	(9,069)	(793)
	Takaful		Investment		Total
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024
	AED'000	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)
Segment assets	713,035	623,790	40,284	774,161	664,074
Segment liabilities	657,525	558,066	145,660	826,662	703,726

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24 Basic and diluted loss and earnings per share

	(Unaudited) Three-month period ended 30 June 2024 AED'000	(Unaudited) Three-month period ended 30 June 2023 AED'000	(Unaudited) Six-month period ended 30 June 2024 AED'000	(Unaudited) Six-month period ended 30 June 2023 AED'000
(Loss)/ profit after tax for the period attributable to shareholders	(3,921)	262	(12,849)	(793)
Weighted average number of shares outstanding during the period	150,000	150,000	150,000	150,000
Basic and diluted (loss)/ earnings per share	(0.026)	0.002	(0.086)	(0.005)

Basic loss/earnings per share are calculated by dividing the loss/earnings for the period by the number of weighted average shares outstanding during the reporting period. Diluted loss/earnings per share is equivalent to basic loss/earnings per share as the Group did not issue any new instrument that would impact loss/earnings per share when executed.

25 Capital risk management

Section 2 of the Financial Regulations for Insurance Companies (the "Regulations") issued by Central Bank of UAE identifies the required solvency margins to be held in addition to insurance liabilities. The solvency margins must be maintained at all times throughout the period.

The table below summarises the consolidated Minimum Capital Requirement (MCR), Minimum Guarantee Fund (MGF) and Solvency Capital Requirement (SCR) of the Group and the total capital held at the Group level to meet the required Solvency Margins in line with the requirements of the financial regulations issued for takaful companies in UAE.

	(Unaudited) 30 June 2024 AED'000	(Audited) 31 December 2023 AED'000
Minimum Capital Requirement (MCR)	100,000	100,000
Solvency Capital Requirement (SCR)	65,954	45,934
Minimum Guarantee Fund (MGF)	40,918	29,861
Basic Own Funds	(216,191)	(152,740)
MCR Solvency Margin - Minimum Capital Requirement (deficit)	(316,191)	(252,740)
SCR Solvency Margin - Solvency Capital Requirement (deficit)	(282,145)	(198,674)
MGF Solvency Margin – Minimum Guarantee Fund (deficit)	(257,109)	(182,601)

As per Article (8) of Section 2 of the financial regulations issued for takaful companies in the UAE, the Group shall always comply with the requirements of Solvency Margin. As at 30 June 2024, the Group has a solvency deficit as compared to the Minimum Capital Requirements of AED 100 million, Solvency Capital Requirements of AED 66 million and Minimum Guarantee Fund of AED 41 million as at 30 June 2024. The Group also has a negative equity of AED 52.5 million as at 30 June 2024.

The shareholders have approved capital restructuring in the Annual General Meeting held on 14 June 2024 which comprises of following steps:

- Offsetting the accumulated losses through reducing the Group's share capital; and
- Capital injection of AED 185 million.

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26 Approval of the interim condensed consolidated financial information

The interim condensed consolidated financial information was approved by the Board of Directors and authorised for issue on 13 August 2024.