Orient Takaful P.J.S.C

CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

Contents ***Pages***

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ORIENT TAKAFUL P.J.S.C

Introduction
We have reviewed the accompanying interim condensed financial statements of Orient Takaful P.J.S.C (the "Company") as at 31 March 2023, comprising of the interim statement of financial position as at 31 March 2023 and the related interim statements of income and comprehensive income, statements of changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

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

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

Other Matter
The interim condensed financial statements of the Group as of 31 March 2022 were reviewed by another auditor whose report dated 10 May 2022 expressed an unmodified conclusion on those interim condensed financial statements. Also, the financial statements as of 31 December 2022, were audited by another auditor whose report dated 24 February 2023 expressed an unmodified opinion on those financial statements.

For Ernst & Young

TS Harigopal

Signed by:
Thodla Harigopal
Partner
Registration No: 689

14 May 2023

Dubai, United Arab Emirates

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

For the period ended 31 March 2023

	Notes	***31 March 2023 AED (Unaudited)***	*31 December 2022 AED (Restated*)*
TAKAFUL OPERATIONS' ASSETS			
Cash and cash equivalents	5	**35,722,755**	68,713,858
Wakala Deposits	8	**99,500,000**	99,500,000
Receivable from shareholder	6	**48,824,294**	31,413,339
Takaful contract assets	13	**-**	24,349,599
Retakaful contract assets	13	**405,151,685**	390,910,383
Total takaful operations' assets		**589,198,734**	614,887,179
SHAREHOLDER'S ASSETS			
Cash and cash equivalents	5	**1,136,943**	4,393,241
Wakala Deposits	8	**278,600,000**	263,643,482
Statutory Deposit	8	**6,000,000**	6,000,000
Other assets	7	**10,984,980**	3,282,989
Receivable from Related Party		**7,998,349**	1,065,770
Fixed Assets		**2,193,829**	2,517,465
Intangible Assets		**169,867**	202,074
Total shareholders' assets		**307,083,968**	281,105,021
TOTAL ASSETS		**896,282,702**	895,992,200
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
TAKAFUL OPERATIONS' LIABILITIES			
Retakaful contract liabilities	13	**-**	50,294,284
Takaful contract liabilities	13	**589,198,734**	564,592,895
Total takaful operations' liabilities		**589,198,734**	614,887,179
TAKAFUL OPERATIONS' DEFICIT			
Deficit in policyholders' fund	10	**(273,014,731)**	(243,435,894)
Provision against Qard Hassan	10	**273,014,731**	243,435,894
Total takaful operations' liabilities and deficit		**589,198,734**	614,887,179
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Other payables	9	**11,126,120**	9,426,897
Related Parties Payable		**4,677,087**	4,490,665
Employees end of Service Benefits		**2,012,160**	1,890,872
Payable to Policyholder	6	**48,824,294**	31,413,339
Total shareholders' liabilities		**66,639,661**	47,221,773

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (continued)

For the period ended 31 March 2023

	Notes	***31 March 2023 AED (Unaudited)***	*31 December 2022 AED (Restated*)*
SHAREHOLDERS' EQUITY			
Share capital	11	**200,000,000**	200,000,000
Share premium	11	**1,198,390**	1,198,390
Statutory reserve	11	**5,278,156**	5,278,156
Retakaful risk reserve		**5,609,857**	5,003,707
Retained earnings		**28,357,904**	22,402,995
Total shareholders' equity		**240,444,307**	233,883,248
Total shareholders' liabilities and equity		**307,083,968**	281,105,021
TOTAL TAKAFUL OPERATIONS' LIABILITIES, DEFICIT SHAREHOLDERS' LIABILITIES AND EQUITY		**`896,282,702**	895,992,200

*Comparative information has been restated on account of first-time adoption of IFRS 17 and IFRS 9 (refer note 3.1).

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

The Financial statements were approved and authorised for issue by Board of Directors on 12 May 2023 and signed on their behalf by

Chairman

Chief Executive Officer

Head-Finance

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
For the period ended 31 March 2023

	Notes	***31 March 2023 AED (Unaudited)***	*31 March 2022 AED (Restated*)*
Takaful revenue	13	**140,455,855**	103,369,207
Takaful service expenses		**(39,305,074)**	(42,004,979)
Net expenses from Retakaful contracts held		**(70,579,173)**	(36,449,157)
Takaful service result		**30,571,608**	24,915,071
Finance expenses from Takaful contracts issued		**(2,842,294)**	(967,040)
Finance income from Retakaful contracts held		**2,392,006**	839,572
Net Takaful finance expenses		**(450,288)**	(127,468)
Wakala fees		**(60,675,157)**	(46,130,762)
Investment Income		**1,500,000**	-
Mudareb fee expense		**(525,000)**	-
Net Takaful and investment result from Takaful operation		**(29,578,837)**	(21,343,159)
Wakala fees income from policyholders		**60,675,157**	46,130,762
Investment Income		**3,849,500**	2,183,520
Mudareb income from policyholders		**525,000**	
Other operating expenses		**(223,413)**	(317,231)
Takaful service expenses		**(28,457,641)**	(22,808,958)
Net credit impairment losses		**(228,707)**	(58,401)
Profit for the period before Qard Hassan		**36,139,896**	**25,129,692**
Provision against Qard Hassan to policyholders'	10	**(29,578,837)**	(21,343,159)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS'		**6,561,059**	3,786,533
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**6,561,059**	3,786,533
Earnings Per share (AED)	12	**3.28**	1.89

*Comparative information has been restated on account of first-time adoption of IFRS 17 and IFRS 9 (refer note 3.1).

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2023

	Share capital AED	*Share premium AED*	*Statutory reserve AED*	*Reinsurance risk reserve AED*	*Retained earnings AED*	*Total AED*
At 31 December 2021 as previously reported	200,000,000	1,198,390	2,269,370	3,119,436	2,076,303	208,663,499
Impact of initial application of IFRS'17 (Note 3.1.1)	-	-	-	-	(2,114,685)	(2,114,685)
Impact of Initial application of IFRS'9 (Note 3.1.2)	-	-	-	-	(1,447,887)	(1,447,887)
Restated balance as on 01st January 2022	**200,000,000**	**1,198,390**	**2,269,370**	**3,119,436**	**(1,486,269)**	**205,100,927**
Profit for the period (Restated*) (Note 3.1.1)					3,786,533	3,786,533
Restated balance as on 31st March 2022	**200,000,000**	**1,198,390**	**2,786,051**	**3,617,925**	**2,300,264**	**208,887,460**
At 31 December 2022 as previously reported	200,00,0000	1,198,390	5,278,156	5,003,707	27,271,101	238,751,354
Impact of initial application of IFRS'17	-	-	-	-	(3,011,588)	(3,0,11,588)
Impact of Initial application of IFRS'9	-	-	-	-	(1,856,518)	(1,856,518)
Restated balance as on 31st Dec 2022	**200,000,000**	**1,198,390**	**5,278,156**	**5,003,707**	**22,402,995**	**233,883,248**
Profit for the period	-	-	-	-	6,561,059	6,561,059
Transfer to other reserves	-	-	-	606,150	(606,150)	-
At 31 March 2023	**200,000,000**	**1,198,390**	**5,278,156**	**5,609,857**	**28,357,904**	**240,444,307**

*Comparative information has been restated on account of first-time adoption of IFRS 17 and IFRS 9 (refer note 3.1).

The attached notes 1 to 14 form part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended 31 March 2023

	31 March 2023 AED (Unaudited)	*31 March 2022 AED (Restated*)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**6,561,059**	3,786,533
Adjustment for:		
Depreciation of property and equipment	**330,077**	337,187
Amortisation of intangible assets	**32,207**	32,207
Provision for employees' end of service benefits	**154,253**	115,074
Impairment credit loss	**43,480**	58,401
Finance costs on lease liabilities	**18,266**	27,195
Operating cash flows before movements in working capital	**7,139,342**	4,356,597
Change in:		
Retakaful contract assets	**(64,535,585)**	201,351,500
Other receivables and prepayments	**(7,701,991)**	(2,200,250)
Due from related parties (relating to shareholders')	**(6,932,579)**	(8,248,394)
Takaful contract liabilities	**48,955,437**	(186,961,216)
Due to related parties (relating to shareholders'	**186,422**	2,391,091
Accruals, provisions and other payables	**16,809,61**	1,248,391
Net cash generated from operating activities	**(212,07,996)**	11,937,719
Employees' end of service benefits paid	**(32,964)**	(20,890)
Net cash generated from operations	**(21,240,960)**	11,916,829
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(6,442)**	(201,838)
Deposit with an Islamic bank	**(15,000,000)**	-
Net cash used in investing activities	**(15,006,442)**	(201,838)
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of lease liabilities	**-**	(34,750)
Net cash used in financing activity	**-**	(34,750)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(36,247,401)**	11,680,241
Cash and cash equivalents at 1 January 2022	**73,107,099**	51,588,633
CASH AND CASH EQUIVALENTS AT 31 MARCH 2023 (NOTE 5)	**36,859,698**	63,268,874

* Comparative information has been restated on account of first-time adoption of IFRS 17 and IFRS 9 (refer note 3.1).

1 LEGAL STATUS AND ACTIVITIES

Orient Takaful P.J.S.C. (the "Company") is a public joint stock company registered under UAE Federal Law No. 32 of 2021, relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations, as amended, and is registered in the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") (formerly, the UAE Insurance Authority ("IA"))The registered address of the Company is P.O. Box 183368, Dubai, United Arab Emirates.

The Company was incorporated on 8 November 2016, while the formalities of issuance and allotment of shares to the public were finalised on 28 December 2016. The shares of the Company are listed on the Dubai Financial Market. The Company obtained a commercial license on 23 January 2017 and a license from the Insurance Authority of the UAE (currently Central Bank of UAE) on 16 July 2017.

The principal activity of the Company is issuance of short term takaful contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. The Company also invests its funds in wakala deposits.

During 2021, Orient Insurance P.J.S.C., a public joint stock company incorporated in Dubai, United Arab Emirates acquired shares of the Company from Abu Dhabi Commercial Bank PJSC and Al Wifaq Finance Company to become the parent company and have taken control over the Company. The ultimate parent company is Al Futtaim Private Co. which is based in Dubai, United Arab Emirates.

As at reporting date the shareholding patterns are as follows:

	31 March 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Orient Insurance P.J.S.C.	**95.78%**	95.78%
Others	**4.22%**	4.22%
	100.00%	100.00%

UAE corporate income tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group will be subject to taxation commencing 1 January 2024. Based on the above, the Group assessed the deferred tax implication and concluded it is not expected to be significant as of and for the three months period ended 31 March 2023. As certain other cabinet decisions are pending as on the date of these interim condensed financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

2 BASIS OF PREPARATION

a) Statement of compliance

These condensed interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting", and comply with applicable requirements of the Federal Law No. (6) of 2007 concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations, the UAE Federal Law No. (2) of 2015 (amended) concerning the Commercial Companies, Insurance Authority Board Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies and Insurance Authority's Board of Directors Decision No. (23) of 2019 concerning Instructions Organizing Reinsurance Operations. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the 1st Quarter financial statements as at 31 March 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of measurement

This condensed interim financial information have been prepared on the historical cost basis.

c) Functional and presentation currency

These condensed interim financial information are presented in UAE Dirhams (AED), which is the Company's functional currency. Except as otherwise indicated, financial information is presented in AED and Presented in order of Liquidity.

d) Use of estimates and judgments

In preparing the condensed interim financial information, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2022, except Note 3.1.1 and Note 3.1.2 to interim Financial statements

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

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in this condensed interim financial information. The application of these revised IFRSs, did not have any material impact on the amounts reported for the current and prior periods, except from the application of IFRS 17 which has replaced IFRS 4 and has fundamentally changed the measurement and presentation of insurance contracts (including reinsurance contracts held).

New and revised IFRSs Effective for annual periods beginning on or after 1 January 2023

IFRS 17 – Insurance Contracts
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
Amendments to IAS 1 – Presentation of Financial Statements
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

3 SIGNIFICANT ACCOUNTING POLICIES

3.1.1 Takaful Contracts

An insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. All references to insurance contracts in the condensed interim financial information apply to insurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract.

Level of Aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1.1 Takaful Contracts (continued)

Recognition
Groups of insurance contracts issued are initially recognised from the earliest of the following:

a) the beginning of the coverage period;
b) the date when the first payment from the policyholder is due or received, if there is no due date; or
c) when the Company determines that a group of contracts becomes onerous.

Combination of insurance contracts
Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

a) The rights and obligations are different when looked at together compared to when looked at individually
b) The Company is unable to measure one contract without considering the other

Separating components from insurance and reinsurance contracts
The Company assesses its insurance and reinsurance contracts to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's contracts do not include any distinct components that require separation.

Contract boundaries
The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or Both of the following criteria are satisfied:

a) The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
b) The pricing of the premiums up to the date when the risks are reassessed does not consider the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

Measurement
IFRS 17 establishes new principles for the measurement of Insurance revenues, assets and liabilities arising from Insurance Contracts. Below are the measurement models under IFRS 17:

1) General Measurement Model - Default Model based on Best estimate of Future Cash Flows and Risk adjustment
2) Variable Fee Approach - a modification to GMM or contracts with direct participation features (DPF)
3) Premium Allocation Approach - a simplified approach as an option for contracts with shorter duration. (<= 12 months)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1.1 Takaful Contracts (continued)

The following table sets out the accounting policy choices adopted by the Company

	IFRS 17 options	Adopted approach
Insurance acquisition cash flows for Insuranc Contract issued	For contracts measured under PAA, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cashflows when incurred or amortizing them over the contract's coverage period.	Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortized over the coverage period of the related group.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	For contracts measured under PAA, where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For contracts measured under the PAA, there is no allowance as the premiums are expected to be received within one year of the coverage period.
Liability for Incurred Claims ("LIC") adjusted for time value of money	For contracts measured under PAA, where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For all contracts, the Company discounts the LIC for the time value of money.
Insurance finance income and expenses	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the P&L or OCI option) is applied on a portfolio basis.	The Company includes all insurance finance income or expenses for the period in profit or loss.
Disaggregation of risk adjustment	An insurer is not required to include the entire change in the risk adjustment for non-financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.	The Company disaggregates changes in the risk adjustment for non- financial risk between insurance service result and insurance finance income or expenses.
Presentation of income / (expense) from reinsurance contracts held	IFRS 17 allows an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	The Company has elected to present a single net amount in net expenses from reinsurance contracts held.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1.1 Takaful Contracts (continued)

Insurance Contract measured under PAA – Initial and subsequent measurement
The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

a) The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary or
b) For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:
a) The premiums, if any, received at initial recognition
b) Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
c) Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
d) Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised

Reinsurance contracts held
Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract. This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of
(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio, if any.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1.1 Takaful Contracts (continued)

A group of reinsurance contracts held is recognised as follows:
If the reinsurance contracts provide proportionate coverage, the date the Company initially recognizes any underlying insurance contracts (onerous or not).

In all other cases, at the beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer shall end when the reinsurer:
has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or has a substantive right to terminate the coverage.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Modification and derecognition
The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.
Insurance acquisition cash flows

The Company includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Company estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Company then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

Discount rates
The Company uses the bottom-up approach for the groups of contracts measured under PAA

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1.1 Takaful Contracts (continued)

Risk adjustment for non-financial risk
The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

Presentation of Financial Statements
For presentation in the statement of financial position, the Company aggregates portfolios of insurance and reinsurance contracts issued and reinsurance contracts held and presents separately, the carrying amount of:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of reinsurance contracts held that are assets
- Portfolios of insurance contracts and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are liabilities

The line item descriptions in the profit or loss and other comprehensive income have been changed significantly compared with prior year. Previously the Company reported the following line items:

- Gross Written Premium
- Net Premium Written
- Net changes in premium reserves
- Net earned premium
- Commission Income
- Commission Expense
- Gross claims paid
- Net claims paid
- Change in incurred insurance contract liabilities
- Net claims incurred
- Net underwriting income

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Income or expenses from reinsurance contracts held
- Insurance finance income or expenses
- Reinsurance finance income or expenses
- Net insurance finance income or expenses

Significant Judgements and Estimates
The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2022 with the exception of those relating to the measurement of insurance contracts issued and reinsurance contracts held. For these contracts, IFRS 17 is applied for annual periods beginning on or after 1 January 2023 and the key judgments and estimates applied are as below.

Assessment of significance of insurance risk:
The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1.1 Takaful Contracts (continued)

Onerosity determination
IFRS 17 does not provide any specific guidance about which facts and circumstances should be considered, to indicate that a group of contracts is onerous on initial recognition or subsequently. The Company assesses the Onerosity considering the factors such as:

a) the expected ratio of claims to premiums (or any other measurement of expected profitability) compared with the actual ratio over the coverage period.
b) economic or regulatory changes that can cause significant revisions in the expected cash flows; or
c) significant changes to the costs involved in fulfilling contracts: e.g., as a result of internal reorganizations or changes to the prices of services or products used to fulfil its insurance obligations.

Discounting
For cash flows that do not vary based on the returns on underlying items, an entity may determine the discount rate based on a liquid risk-free yield curve. This is adjusted to eliminate differences between the liquidity characteristics of the financial instruments that underlie the chosen curve and those of the insurance contract. The Company has elected to use the Bottom-up approach in determining the discount rates based on liquid risk-free yield curve.

Time value of money
The Company adjusts the carrying amount of the insurance contracts liabilities and reinsurance contracts assets to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of contracts.
Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an ‘illiquidity premium’). The risk-free curve itself will either be derived by the Company from risk free assets in the market, or the Company may choose to apply a published risk-free yield curve. The top-down approach starts with the determination of a reference portfolio. The reference portfolio yield will be taken as the yield on the underlying items to which the liability cashflows are linked.

Liability for Incurred Claims
The Group will calculate the LFIC as follows:

- Best Estimate (BEL) of the fulfilment cash flows relating to incurred claims including outstanding claims, IBNR and IBNER.
- Expenses already incurred but not yet paid in relation to claims and the cost of handling incurred claims at that date.
- Adjustment for the time value of money.
- Risk adjustment for non-financial risks.

Transition Impact
IFRS 17 replaces IFRS 4 Insurance Contracts for reporting periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions to IFRS 17. This standard has brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. Consequently, the Company has restated certain comparative amounts for the prior year.

IFRS 17 requires an entity to restate the balance sheet at the transition date. This will result in significant changes to the measurement and presentation of insurance contract liabilities for historical periods. IFRS 17 standard has outlined 3 approaches under which the insurance reinsurance assets and liabilities at the transition date can be determined.

a) Full Retrospective approach (FRA)
b) Modified Retrospective approach (MRA)
c) Fair value approach (FVA)

An entity is required to adopt the FVA when applying IFRS 17 for the first time unless impracticable. Under the FVA at the transition date the entity will account for insurance contracts as if IFRS 17 had always been applied. Only when the FVA is impracticable the entity is permitted to choose between MRA or FVA. When the FVA is impracticable the entity is required to choose MRA.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1.1 Takaful Contracts (continued)

Transition Impact (continued)
The choice between the methods is not required to be made in aggregate. The choice of the transition approach should be made more granularly and may for example vary by Portfolio.

The Company assessed historical information available and determined that all reasonable and supportable information necessary for applying the full retrospective approach was not available for groups of contracts issued prior to the transition date. Considering all aspects, the Company has applied the modified retrospective approach for transition. Therefore, the Company has used reasonable and supportable information from its existing reporting systems, which resulted in the closest outcome to the full retrospective approach. The Company has aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

The Company has elected to use the simplification in the modified retrospective approach for determining the CSM or loss component of the liability for remaining coverage at the transition date.

The Company has used the following procedure to determine the CSM at initial recognition for these contracts:

a. Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before the transition date
b. Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date

The Company has elected to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of insurance finance income or expenses recognised in other comprehensive income at the transition date to zero.

As mentioned above the line-item descriptions in the condensed interim statement of profit or loss have changed significantly compared with prior period. The adoption of IFRS 17 has led an adjustment in equity as at 1 January 2022 of AED 2,114,685 and a restatement of the profit for the three-month period ended 31 March 2022 from AED 5,166,813 to AED 3,786,533.

3.1.2 IFRS 9 Financial Instruments

The Group has adopted the impairment requirements of IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2022, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

The adoption of the impairment requirements of IFRS 9 has resulted in changes in accounting policies for impairment of financial assets.

The Group has applied the transition provisions in IFRS 17 and IFRS 9 and has not disclosed the impact of the adoption on each financial statement line item. The effects of adopting these standards on the interim financial information on 1 January 2022 are presented in the statement of changes in equity

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1.2 IFRS 9 Financial Instruments (continued)

Measurement of the expected credit loss ("ECL") allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

When measuring ECL the Group uses reasonable and supportable forward looking information, which is ba sed on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The adoption of IFRS 9 has led to an ECL allowance on Deposits with an impact of AED 1,447,887 as at 1 January 2022 which has been stated in equity.

4 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

4 FAIR VALUE OF FINANCIAL INSTRUMENTS

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 March 2023 and 31 December 2022, all financial assets and liabilities are stated at amortised cost and are classified as Level 3 within the fair value hierarchy.

As at March 2023 (Unaudited)

Financial Assets		***Amortised cost***
Cash and cash equivalents	5	36,859,698
Other assets	7	10,984,980
Related Parties receivables		7,998,349
Wakala Deposit	8	384,100,000
Receivable from shareholders	6	48,824,294
Financial Liabilities		***Amortised cost***
Other payables	9	11,126,120
Related Parties Payables		4,677,087
Employees' end of service benefits		2,012,160
Payable to Policyholders - takaful operations	6	48,824,294

As at December 2022 (Restated)

Financial Assets		***Amortised cost***
Cash and cash equivalents	5	73,107,099
Wakala Deposit	8	369,143,482
Other assets	7	3,282,989
Related Parties receivables		1,065,770
Receivable from shareholders	6	31,413,339
Financial Liabilities		***Amortised cost***
Other payables	9	9,426,897
Related Parties Payables		4,490,685
Employees' end of service benefits		1,890,872
Payable to Policyholders - takaful operations	7	31,413,339

5 CASH AND CASH EQUIVALENTS

	31 March 2023 (Un-audited)		
	Takaful operations AED	***Shareholders' operations AED***	***Total AED***
Cash in hand	**-**	**6,284**	**6,284**
Current accounts with banks and Islamic financial institutions	**35,722,755**	**1,130,659**	**36,853,414**
	35,722,755	**1,136,943**	**36,859,698**

5 CASH AND CASH EQUIVALENTS

	31 December 2022 (Restated)		
	Takaful operations AED	*Shareholders' operations AED*	*Total AED*
Cash in hand	-	2,140	2,140
Current accounts with banks and Islamic financial institutions	68,713,858	4,391,101	73,104,959
	68,713,858	4,393,241	73,107,099

6 RECEIVABLE FROM SHAREHOLDERS AND PAYABLE TO POLICYHOLDERS - TAKAFUL OPERATIONS

		31 March 2023 AED (Unaudited)	*31 December 2022 AED (Restated)*
As at 1 January		**31,413,339**	80,291,882
Wakala fees for the period / year	6.1	**(60,675,157)**	(185,930,974)
Other movement in account during the period / year		**78,086,112**	137,052,431
		48,824,294	31,413,339

6.1 For all takaful policies, wakala fees were charged at 35% of gross takaful contributions. Wakala fees are approved by the Sharia’a Supervisory Board and are charged to the condensed interim statement of profit or loss and comprehensive income when incurred.

7 OTHER RECEIVABLES AND PREPAYMENTS - (RELATING TO SHAREHOLDERS')

	31 March 2023 AED (Unaudited)	*31 December 2022 AED (Restated)*
Prepaid Expenses	**1,062,088**	935,996
Deposits	**3,428,060**	1,428,060
Accrued Interest on Wakala Deposit	**5,657,838**	308,337
Other receivables	**836,993**	610,596
	10,984,979	3,282,989

8 WAKALA AND STATUTORY DEPOSIT

Wakala Deposit

This consists of term Wakala deposits with Islamic Banks / Islamic Division of a Commercial Bank in United Arab Emirates, at profit rates from 5.25% to 6.00% per annum (31 December 2022: from 5.30% to 6.00% per annum) amounting to Gross AED 380 Mn which will mature in December 2023 January 2024.

Statutory Deposit

This consists of a Wakala deposit with the Islamic Division of a commercial bank in the United Arab Emirates, under lien in favour of the Insurance Supervision- Central Bank of the UAE, at profit rates from 5.80% per annum (31 December 2022: from 5.80% per annum) amounting to Gross AED 6 million which matures in December 2023.

	31 March 2023 (Un-audited)		
	Takaful operations AED	***Shareholders' operations AED***	***Total AED***
Wakala Deposits	**100,000,000**	**280,000,000**	**380,000,000**
Statutory Deposits	**-**	**6,000,000**	**6,000,000**
Total Deposits	**100,000,000**	**286,000,000**	**386,000,000**
Expected credit losses as per IFRS 9	**500,000**	**1,400,000**	**1,900,000**
	99,500,000	**284,600,000**	**384,100,000**

	As on 31 December 22 (Restated)		
	Takaful operations AED	*Shareholders' operations AED*	*Total AED*
Wakala Deposits	100,000,000	265,000,000	365,000,000
Statutory Deposits	-	6,000,000	6,000,000
Total Deposits	100,000,000	271,000,000	371,000,000
Expected credit losses as per IFRS 9	500,000	1,356,518	1,856,518
	99,500,000	269,643,482	3,69,143,482

9 OTHER TAKAFUL PAYABLES (RELATING TO TAKAFUL OPERATIONS)

	31 March 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Accrual and Provision	**9,063,236**	7934670
Other payables	**2,062,884**	1,492,229
	11,126,120	9,426,897

10 QARD HASSAN

	31 March 2023 AED (Unaudited)	*31 December 2022 AED (Restated)*
Deficit in Policyholders' fund		
As at 1 January	**(243,435,894)**	(174,760,427)
Deficit during the period / year	**(29,578,837)**	(68,675,467)
	(273,014,731)	(243,435,894)
Provision against Qard Hassan		
As at 1 January	**243,435,894**	174,760,427
Provision during the period / year	**29,578,837**	68,675,467
	273,014,731	243,435,894

11 SHARE CAPITAL AND SHARE PREMIUM

	31 March 2023 AED (Unaudited)	*31 December 2022 AED (Audited)*
Issued and paid up capital		
Issued and fully paid 2,000,000 shares of AED 100 each	**200,000,000**	200,000,000
Share premium reserve	**1,198,390**	1,198,390
	201,198,390	201,198,390

Statutory reserve

In accordance with the UAE Commercial Companies Law no. (2) of 2015 ("the Law") and the Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the Law

Retakaful risk reserve

In accordance with Article 34 of the Insurance Authority's Board of Directors Decision No. (23) of 2019, the Company has created a Retakaful Risk Reserve, being 0.5% of the total retakaful contribution ceded by the Company in all classes of business. The Company shall accumulate such provision year on year and not dispose of the provision without the written approval of the Director General of the UAE Insurance Authority (currently Central Bank).

12 EARNINGS PER SHARE

	31 March 2023 AED (Unaudited)	*31 March 2022 AED (Restated)*
Profit for the period attributable to shareholders'	**6,561,059**	3,786,533
Weighted average number of shares outstanding during the period	**2,000,000**	2,000,000
Earnings per share (AED)	**3.28**	1.89

There is no dilution impact on basic earnings per share.

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the Company by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

13 TAKAFUL CONTRACT LIABILITIES (AS AT MARCH 2023)

Gross
(Reconciliation of the Liability of Remaining Coverage & Liability for Incurred claims for Insurance Contracts)

	Remaining coverage - PAA		***Liability for incurred claims PAA***		
	Excl. loss comp	***Loss comp***	***PV of future cash flow***	***Risk Adjustment for non financial risk***	***Total***
Net opening position of Insurance contracts at 31 December 2022	157,730,494	-	367,078,269	15,434,533	540,243,296
Insurance Revenue	(140,455,855)	-	-	-	(140,455,855)
Incurred Claims	-	-	46,019,188	-	46,019,188
Risk adjustment release Gross	-	-	-	(7,803,381)	(7,803,381)
Amortization of Acquistion CFs	18,291,045	-	-	-	18,291,045
Claims Incurred Risk Adjustment (New + Increase)	-	-	4,440,998	6,814,865	11,255,863
Insurance Service Expenses	18,291,045	-	50,460,186	(988,516)	67,762,715
Insurance Service Result	(122,164,810)	-	50,460,186	(988,516)	(72,693,140)
Insurance FE through PL	-	-	2,852,951	(10,958)	2,842,293
Total changes to SOPL and OCI	(122,164,810)	-	53,313,077	(999,114)	(69,850,847)
Cash flows					
Premium Received	276,520,088	-	-	-	276,520,088
Claims and Other directly attributable Expenses Paid	-	-	(131,682,974)	-	(131,682,974)
Acquisition Cost paid	(26,030,831)	-	-	-	(26,030,831)
Total Cash Flows	250,489,257	-	(131,682,974)	-	118,806,283
Net Balance as at 31 March 2023	**286,054,941**	-	**288,708,372**	**14,435,419**	**589,198,732**

13 RETAKAFUL CONTRACT ASSETS (AS AT MARCH 2023)

(Reconciliation of the Asset for Remaining Coverage & Asset for Incurred claims for Insurance Contracts)

	Remaining coverage - PAA	*Liability for incurred claims PAA*		
	LRC	***PV of future cash flow***	***Risk Adjustment for non financial risk***	***Total***
Net position of Reinsurance contracts as on 31 December 22	(28,537,130)	(299,180,686)	(12,898,283)	(340,616,099)
Reinsurance Expenses	99,654,631	-	-	99,654,631
Other incurred directly attributable expenses	-	(32,266,315)	-	(32,266,315)
Claims Recovered	-	-	6,076,765	6,076,765
Changes related to Past services (Incurred Claims)	(15,522,374)	-	-	(15,522,374)
Changes related to Future services (changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts)	-	17,595,534	(4,959,067)	12,636,467
Net income (expenses) from reinsurance contracts held	84,132,257	(14,670,781)	1,117,698	70,579,174
Insurance Foreign Exchange through PL	-	(2,401,531)	9,525	(2,392,006)
Total changes to SOPL	84,132,257	(17,072,312)	1,127,223	68,187,168
Cash flows				
Premium Paid	(237,744,314)	-	-	(237,744,314)
Claims and Other directly attributable Exp Received	-	80,831,805	-	80,831,805
Acquisition Cost Received (Ceding Commission)	24,189,758	-	-	24,189,758
Total Cash Flows	(213,554,556)	80,831,805	-	(132,722,751)
Net Position of ReInsurance Contracts as on 31 March 2023	**(157,959,429)**	**(235,421,193)**	**(11,771,060)**	**(405,151,682)**

13 TAKAFUL CONTRACT LIABILITIES (AS AT DECEMBER 2022)

(Reconciliation of the Liability of Remaining Coverage & Liability for Incurred claims for Insurance Contracts)

	Remaining coverage - PAA		*Liability for incurred claims PAA*		
	Excl. loss comp	*Loss comp*	*PV of future cash flow*	*Risk Adjustment for non financial risk*	*Total*
Net opening position of Retakaful contracts as on 01 January 2022	114,122,505	-	204,436,670	9,827,801	328,386,976
Insurance Revenue	(466,567,450)	-	-	-	(466,567,450)
Incurred Claims	-	-	241,059,251	-	241,059,251
Risk adjustment release Gross	-	-	-	(5,990,199)	(5,990,199)
Amortization of Ins Acq CFs	54,768,720	-	-	-	54,768,720
Claims Incurred -Risk Adjustment (New + Increase)	-	-	73,808,413	11,655,173	85,463,586
Insurance Service Expenses	54,768,720	-	314,867,664	5,664,974	375,301,358
Insurance Service Result	(411,798,730)	-	314,867,664	5,664,974	(91,266,092)
Insurance FE through PL	-	-	136,531	(58,242)	194,773
Total changes to SOPL	(411,798,730)	-	316,233,195	5,606,732	(89,958,803)
Cash flows Premium Received	524,904,556	-	-	-	524,904,556
Claims and Other directly attributable Exp Paid	-	-	(153,591,596)	-	(153,591,596)
Acq Cost paid	(69,497,837)	-	-	-	(69,497,837)
Total Cash Flows	455,406,719	-	(153,591,596)	-	301,815,123
Net Balance as at 31 December 2022	157,730,494	-	367,078,269	15,434,533	540,243,296

13 RETAKAFUL CONTRACT ASSETS (AS AT DECEMBER 2022)

(RECONCILIATION OF THE ASSET FOR REMAINING COVERAGE & ASSET FOR INCURRED CLAIMS FOR INSURANCE CONTRACTS)

	Remaining coverage - PAA	*Liability for incurred claims PAA*		
	LRC	***PV of future cash flow***	***Risk Adjustment for non financial risk***	***Total***
Net opening position of Reinsurance contracts as on 1 January 2022	(2,179,743)	(191,059,272)	(8,112,483)	(201,351,498)
Reinsurance Expenses	350,436,720	-	-	350,436,720 -
Other incurred directly attributable expenses	-	(200,539,205)	-	(200,539,205)
Claims Recovered	-	-	4,983,178	4,983,178
Changes related to Past services (Inc Claims)	(52,163,092)	-	-	(52,163,092)
Changes related to Future services (changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts)	-	(22,188,607)	(9,818,500)	(32,007,107)
Net income (expenses) from reinsurance contracts held	(52,163,092)	(222,727,812)	(4,835,322)	(279,726,226)
Net income (expenses) from reinsurance contracts held	298,273,628	(222,727,812)	(4,835,322)	70,710,494
Insurance FE through PL	-	(1,137,894)	49,522	(1,088,372)
Total changes to SOPL	298,273,628	(223,865,706)	(4,785,800)	69,622,122
Cash flows Premium Paid	(382,954,166)	-	-	(382,954,166)
Claims and Other directly attributable Exp Received	-	115,744,292	-	115,744,292
Acq Cost Received (Ceding Commission)	58,323,151	-	-	58,323,151
Total Cash Flows	(324,631,015)	115,744,292	-	(208,886,723)
Net Closing Position of Insurance Contracts As on 31 December 2022	(28,537,130)	(299,180,686)	(12,898,283)	(340,616,099)

14 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to comply with the insurance capital requirements required by UAE Federal Law No. (6) of 2007, concerning insurance companies and agents. In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the period. The Company is subject to local insurance solvency regulations and is currently assessing its compliance with these regulations. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations.

The table below summarises the consolidated Minimum Capital Requirement ("MCR"), Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet the required Solvency Margins in line with the requirements of the UAE Insurance Authority. The company has disclosed the solvency position as at 31 December 22, since the solvency position for current period is not yet finalised.

	(Unaudited) 31 March 2023	*(Audited) 31 December 2022*
Share capital	**200,000,000**	200,000,000
Minimum regulatory capital	**100,000,000**	100,000,000

	(Audited) 31 December 2022
Solvency Requirement	AED
Total capital held by the Company	200,000,000
Minimum Capital Requirement (MCR)	100,000,000
Solvency Capital Requirement (SCR)	101,850,821
Minimum Guarantee Fund (MGF)	33,950,274
Own funds	
Basic own funds	133,195,622
Own funds eligible to meet MCR, SCR AND MFG	133,195,622
MCR solvency Margin - (surplus)	33,195,622
SCR solvency Margin - (surplus)	31,344,801
MGF solvency Margin - (surplus)	99,245,348