

Orient Takaful P.J.S.C.

**UNAUDITED INTERIM CONDENSED FINANCIAL
STATEMENTS**

30 JUNE 2024

Orient Takaful P.J.S.C.

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months period ended 30 June 2024

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS 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 30 June 2024, which comprise the interim statement of financial position as at 30 June 2024, and the related interim statements of comprehensive income for the three and six months period, statements of changes in equity and cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

For Ernst & Young



Thodla Hari Gopal
Registration No: 689

02 August 2024

Dubai, United Arab Emirates

Orient Takaful P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 (Unaudited)

	Notes	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED
TAKAFUL OPERATIONS' ASSETS			
Cash and cash equivalents	5	76,206,620	45,361,883
Wakala Deposits	8	199,000,000	199,000,000
Receivable from shareholder	6	4,617,717	1,964,552
Takaful contract assets	14	48,221,144	36,474,481
Retakaful contract assets	14	911,831,058	465,632,602
Total takaful operations' assets		1,239,876,539	748,433,518
SHAREHOLDER'S ASSETS			
Cash and cash equivalents	5	6,370,360	2,546,521
Wakala Deposits	8	297,475,000	297,475,000
Statutory Deposit	8	6,000,000	6,000,000
Other receivables and prepayments	7	32,466,501	16,497,500
Receivable from Related Party		74,683	376,431
Fixed Assets		5,823,507	2,236,310
Intangible Assets		457,210	585,957
Total shareholders' assets		348,667,261	325,717,719
TOTAL ASSETS		1,588,543,800	1,074,151,237
TAKAFUL OPERATIONS' LIABILITIES AND DEFICIT			
TAKAFUL OPERATIONS' LIABILITIES			
Retakaful contract liabilities	14	15,190,903	64,036,344
Takaful contract liabilities	14	1,224,685,636	684,397,174
Total takaful operations' liabilities		1,239,876,539	748,433,518
TAKAFUL OPERATIONS' DEFICIT			
Deficit in policyholders' fund	10	(446,468,289)	(369,675,365)
Provision against Qard Hassan	10	446,468,289	369,675,365
Total takaful operations' liabilities and deficit		1,239,876,539	748,433,518
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Other payables	9	20,152,533	28,883,890
Income tax payable	15	2,366,703	-
Related Parties Payable		10,785,806	8,461,910
Employees end of Service Benefits		2,438,436	2,402,931
Payable to Policyholder	6	4,617,717	1,964,552
Total shareholders' liabilities		40,361,195	41,713,283

The attached notes 1 to 16 form part of these interim condensed financial statements.

Orient Takaful P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2024 (Unaudited)

	Notes	30 June 2024 (Unaudited) AED	31 December 2023 (Audited) AED
SHAREHOLDERS' EQUITY			
Share capital	11	200,000,000	200,000,000
Share premium	11	1,198,390	1,198,390
Statutory reserve	12	10,290,275	10,290,275
Retakaful risk reserve	12	9,176,961	7,429,261
Retained earnings		87,640,440	65,086,510
Total shareholders' equity		308,306,066	284,004,436
Total shareholders' liabilities and equity		348,667,261	325,717,719
TOTAL TAKAFUL OPERATIONS' LIABILITIES, DEFICIT SHAREHOLDERS' LIABILITIES AND EQUITY			
		1,588,543,800	1,074,151,237

To the best of our knowledge, nothing has come to our attention that causes us to believe that the interim condensed 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 31 July 2024 and signed on their behalf by



Chairman



Chief Executive Officer



Head-Finance

Orient Takaful P.J.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2024 (Unaudited)

Notes	<i>Three months period ended 30 June</i>		<i>Six months period ended 30 June</i>		
	<i>2024 (Unaudited) AED</i>	<i>2023 (Unaudited) AED</i>	<i>2024 (Unaudited) AED</i>	<i>2023 (Unaudited) AED</i>	
Takaful contract revenue	14	198,187,056	148,471,760	385,085,773	288,927,615
Takaful service expenses (excluding commission)	14	(609,295,397)	(139,865,272)	(630,664,074)	(179,170,346)
Net income/(expenses) from Retakaful contracts held	14	452,746,486	31,745,731	327,733,341	(38,833,442)
Takaful service result		41,638,145	40,352,219	82,155,040	70,923,827
Finance expenses from Takaful contracts issued	14	(3,278,167)	(2,014,720)	(7,068,352)	(4,857,014)
Finance income from Retakaful contracts held	14	2,800,865	1,795,954	6,070,298	4,187,960
Net Takaful finance expenses		(477,302)	(218,766)	(998,054)	(669,054)
Wakala fees		(73,349,199)	(65,260,522)	(162,078,267)	(125,935,679)
Investment Income		3,195,416	1,516,667	6,351,319	3,016,667
Mudareb fee expense		(1,118,396)	(530,833)	(2,222,962)	(1,055,833)
Net Takaful and investment result from Takaful operation		(30,111,336)	(24,141,235)	(76,792,924)	(53,720,072)
Wakala fees income from policyholders		73,349,199	65,260,522	162,078,267	125,935,679
Investment Income		4,568,189	3,932,085	9,129,324	7,781,585
Mudareb income from policyholders		1,118,396	530,833	2,222,962	1,055,833
Other operating expenses		(145,563)	(794,062)	(461,055)	(1,017,475)
Takaful service expenses	14	(36,320,126)	(30,648,260)	(69,203,262)	(59,105,901)
Net credit impairment losses on deposits		(199,566)	(78,987)	(304,979)	(307,694)
Profit for the period before Qard Hassan		42,370,529	38,202,131	103,461,257	74,342,027
Provision against Qard Hassan to policyholders' fund	10	(30,111,336)	(24,141,235)	(76,792,924)	(53,720,072)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS'		12,259,193	14,060,896	26,668,333	20,621,955
Income tax expense	15	(1,103,630)	-	(2,366,703)	-
Profit for the period after tax		11,155,563	14,060,896	24,301,630	20,621,955
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		11,155,563	14,060,896	24,301,630	20,621,955
Earnings Per share (AED)	13	5.58	7.03	12.15	10.31

The attached notes 1 to 16 form part of these interim condensed financial statements.

Orient Takaful P.J.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2024 (Unaudited)

	Share capital AED	Share premium AED	Statutory reserve AED	Retakaful risk reserve AED	Retained earnings AED	Total AED
As at 31 December 2022	200,000,000	1,198,390	5,278,156	5,003,707	22,402,995	233,883,248
Profit for the period	-	-	-	-	20,621,955	20,621,955
Transfer to Retakaful risk reserves	-	-	-	1,202,436	(1,202,436)	-
As at 30 June 2023	<u>200,000,000</u>	<u>1,198,390</u>	<u>5,278,156</u>	<u>6,206,143</u>	<u>41,822,514</u>	<u>254,505,203</u>
As at 1 January 2024	200,000,000	1,198,390	10,290,275	7,429,261	65,086,510	284,004,436
Profit for the period	-	-	-	-	24,301,630	24,301,630
Transfer to Retakaful risk reserves	-	-	-	1,747,700	(1,747,700)	-
As at 30 June 2024	<u>200,000,000</u>	<u>1,198,390</u>	<u>10,290,275</u>	<u>9,176,961</u>	<u>87,640,440</u>	<u>308,306,066</u>

The accompanying notes 1 to 16 form part of these interim condensed financial statements.

Orient Takaful P.J.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the period ended 30 June 2024 (Unaudited)

	<i>30 June 2024 AED (Unaudited)</i>	<i>30 June 2023 AED (Unaudited)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before tax	24,301,630	20,621,955
Adjustment for:		
Depreciation of property and equipment	744,182	662,745
Amortisation of intangible assets	128,747	64,772
Provision for employees' end of service benefits	334,222	280,069
Impairment credit loss	199,566	307,694
Finance costs on lease liabilities	88,466	36,724
	<hr/>	<hr/>
Operating cash flows before movements in working capital	25,796,813	21,973,959
Change in:		
Retakaful contract assets	(446,198,456)	(95,540,330)
Takaful contract assets	(11,746,663)	(16,717,288)
Other receivables and prepayments	(16,168,567)	(13,323,386)
Due from related parties (relating to shareholders')	301,748	(576,902)
Takaful contract liabilities	540,288,462	52,211,827
Retakaful contract liabilities	(48,845,441)	45,329,303
Due to related parties (relating to shareholders')	2,323,896	696,329
Accruals, provisions and other payables	(10,359,356)	1,349,389
	<hr/>	<hr/>
Net cash generated from/(used in) operations	35,392,436	(4,597,099)
Employees' end of service benefits paid	(298,718)	(64,901)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	35,093,718	(4,662,000)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(73,366)	(49,898)
Deposit with an Islamic bank	-	(15,000,000)
	<hr/>	<hr/>
Net cash used in investing activities	(73,366)	(15,049,898)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of lease liabilities	(351,776)	(817,095)
	<hr/>	<hr/>
Net cash used in financing activity	(351,776)	(817,095)
	<hr/>	<hr/>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		
	34,668,576	(20,528,993)
	<hr/>	<hr/>
Cash and cash equivalents at 1 January	47,908,404	73,107,099
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE (NOTE 5)	82,576,980	52,578,106
	<hr/>	<hr/>

The attached notes 1 to 16 form part of these interim condensed financial statements.

Orient Takaful P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

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 the incorporation of commercial companies in the UAE. The Company is subject to the regulations of the UAE Federal Decree Law No. 48 of 2023 regarding the Regulation of Insurance Activities and is registered in the Insurance Companies Register of the Central Bank of the UAE ("CBUAE") (formerly, the UAE Insurance Authority ("IA")) under registration number 92.

On 2 October 2023, the UAE Federal Decree Law No. 48 of 2023 regarding the regulation of Insurance activities was issued and came into effect on 30 November 2023 which repealed the UAE Federal Law No. 6 of 2007. The Companies must within a period not exceeding (6) six months from the date of the enforcement of its provisions from 30 November 2023 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No 48 of 2023. The Company complies with the requirement of the New Insurance Law. The General Assembly of the shareholders held on 29 April 2024 has approved amendments to its Articles of Association in order to align with the new provisions and requirements.

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.

The Company has not purchased any shares during the period ended 30 June 2024.

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.

During the year 2022, the Parent Company Orient Insurance P.J.S.C has further acquired shareholdings of Orient Takaful P.J.S.C and has increased their equity interest from 83.91% to 95.78%.

As at reporting dates, the shareholding patterns are as follows:

	<i>30 June 2024 AED (Unaudited)</i>	<i>31 December 2023 AED (Audited)</i>
Orient Insurance P.J.S.C.	95.78%	95.78%
Others	4.22%	4.22%
	100.00%	100.00%

2 BASIS OF PREPARATION

a) Statement of compliance

These interim condensed 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. (32) of 2021 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. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

2 BASIS OF PREPARATION (continued)

b) Basis of measurement

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

c) Functional and presentation currency

These interim condensed 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 interim condensed 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 2023.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024 and policy towards accounting of taxation. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company.

3.1. New standards, interpretations and amendments adopted by the Company

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

3.2. Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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.

Orient Takaful P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

4 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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.

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 December 2023 and 30 June 2024, all financial assets and liabilities are stated at amortised cost and are classified as Level 3 within the fair value hierarchy.

As at 30 June 2024 (Unaudited)

<u>Financial Assets</u>	<u>Notes</u>	<u>Amortised cost</u> AED
Cash and cash equivalents	5	82,576,980
Other receivables and prepayments	7	32,466,501
Related Parties receivables		74,683
Wakala and statutory deposit	8	502,475,000
Receivable from shareholders	6	4,617,717

<u>Financial Liabilities</u>		<u>Amortised cost</u> AED
Other payables	9	20,152,533
Income Tax Payable	15	2,366,703
Related Parties Payables		10,785,806
Employees' end of service benefits		2,438,436
Payable to Policyholders - takaful operations		4,617,717

As at December 2023 (Audited)

<u>Financial Assets</u>		<u>Amortised cost</u> AED
Cash and cash equivalents	5	47,908,404
Wakala and statutory deposit	8	502,475,000
Other receivables and prepayments	7	16,497,500
Related Parties receivables		376,431
Receivable from shareholders	6	1,964,552

Orient Takaful P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

4 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

As at December 2023 (Audited)

<i>Financial Liabilities</i>		<i>Amortised cost</i> AED
Other payables	9	28,883,890
Related Parties Payables		8,461,910
Employees' end of service benefits		2,402,931
Payable to Policyholders - takaful operations	7	1,964,552
		<hr/>

5 CASH AND CASH EQUIVALENTS

30 June 2024 (Unaudited)

	<i>Takaful operations</i> AED	<i>Shareholders' operations</i> AED	<i>Total</i> AED
Cash in hand	-	4,118	4,118
Current accounts with banks and Islamic Financial institutions	76,206,620	6,366,242	82,572,862
	<hr/>	<hr/>	<hr/>
	76,206,620	6,370,360	82,576,980
	<hr/>	<hr/>	<hr/>

31 December 2023 (Audited)

	<i>Takaful operations</i> AED	<i>Shareholders' operations</i> AED	<i>Total</i> AED
Cash in hand	-	8,000	8,000
Current accounts with banks and Islamic financial institutions	45,361,883	2,538,521	47,900,404
	<hr/>	<hr/>	<hr/>
	45,361,883	2,546,521	47,908,404
	<hr/>	<hr/>	<hr/>

6 RECEIVABLE FROM SHAREHOLDERS AND PAYABLE TO POLICYHOLDERS - TAKAFUL OPERATIONS

	<i>Notes</i>	<i>30 June 2024</i> AED	<i>31 December 2023</i> AED
		<i>(Unaudited)</i>	<i>(Audited)</i>
As at 1 January		1,964,552	31,413,339
Wakala fees for the period / year	6.1	(162,078,267)	(245,804,687)
Other movement in account during the period / year		164,731,432	216,355,900
		<hr/>	<hr/>
		4,617,717	1,964,552
		<hr/>	<hr/>

6.1 For all takaful policies, Wakala fees were charged at 35% (31 December 2023: 35%) of gross takaful contributions. Wakala fees are approved by the Sharia'ah Supervisory Board and are charged to the interim statement of profit or loss and comprehensive income when incurred.

Orient Takaful P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

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

	<i>30 June 2024 AED (Unaudited)</i>	<i>31 December 2023 AED (Audited)</i>
Accrued profit on Wakala deposits	15,527,740	432,276
Prepayments	1,030,152	620,838
Other receivables	15,908,609	15,444,386
	<hr/> 32,466,501	<hr/> 16,497,500
	<hr/> <hr/>	<hr/> <hr/>

Other receivables includes VAT input to be recovered by the Company from commissions paid to brokers.

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 5.50% to 5.95% per annum (31 December 2023: from 5.8% to 5.95% per annum) amounting to Gross AED 499 million which will mature in December 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 rate of 5.80% per annum (31 December 2023: 5.80% per annum) amounting to Gross AED 6 million which matures in December 2024.

	<i>30 June 2024 (Unaudited)</i>		
	<i>Takaful operations AED</i>	<i>Shareholders' operations AED</i>	<i>Total AED</i>
Wakala Deposits	200,000,000	299,000,000	499,000,000
Expected credit losses	(1,000,000)	(1,525,000)	(2,525,000)
Total Wakala Deposits	199,000,000	297,475,000	496,475,000
Statutory Deposits	-	6,000,000	6,000,000
Total Deposits	199,000,000	303,475,000	502,475,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<i>As on 31 December 2023 (Audited)</i>		
	<i>Takaful operations AED</i>	<i>Shareholders' operations AED</i>	<i>Total AED</i>
Wakala Deposits	200,000,000	299,000,000	499,000,000
Expected credit losses	(1,000,000)	(1,525,000)	(2,525,000)
Total Wakala Deposits	199,000,000	297,475,000	496,475,000
Statutory Deposits	-	6,000,000	6,000,000
Total Deposits	199,000,000	303,475,000	502,475,000
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Orient Takaful P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

9 OTHER PAYABLES (RELATING TO SHAREHOLDERS' OPERATIONS)

	<i>30 June 2024 AED (Unaudited)</i>	<i>31 December 2023 AED (Audited)</i>
Accrual and Provision	14,945,192	27,715,610
Lease liability	5,207,341	1,168,280
	20,152,533	28,883,890

10 QARD HASSAN

	<i>30 June 2024 AED (Unaudited)</i>	<i>31 December 2023 AED (Audited)</i>
Deficit in Policyholders' fund		
As at 1 January	(369,675,365)	(243,435,894)
Deficit during the period/ year	(76,792,924)	(126,239,471)
	(446,468,289)	(369,675,365)
Provision against Qard Hassan		
As at 1 January	369,675,365	243,435,894
Provision during the period/ year	76,792,924	126,239,471
	446,468,289	369,675,365

11 SHARE CAPITAL AND SHARE PREMIUM

	<i>30 June 2024 AED (Unaudited)</i>	<i>31 December 2023 AED (Audited)</i>
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

Orient Takaful P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

12 RESERVES

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 Central Bank of UAE.

13 EARNINGS PER SHARE

	<i>30 June 2024 AED (Unaudited)</i>	<i>30 June 2023 AED (Unaudited)</i>
Profit for the period after tax	24,301,630	20,621,955
Weighted average number of shares outstanding during the period	2,000,000	2,000,000
Earnings per share (AED)	12.15	10.31

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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

14 TAKAFUL CONTRACT ASSETS AND LIABILITIES (AS AT 30 June 2024)

Reconciliation of the Liability for Remaining Coverage & Liability for Incurred claims for Takaful Contracts

30 June 2024 (Unaudited)	Liabilities for remaining coverage		Liability for incurred claims - PAA		
	Excluding loss component	Loss component	Estimates of the present value of future cash flow	Risk Adjustment for non-financial risk	Total
Opening Takaful contract assets	(36,474,481)	-	-	-	(36,474,481)
Opening Takaful contract liabilities	220,584,700	1,225,859	441,391,769	21,194,846	684,397,174
Net opening position of Takaful Contracts at 01 January 2024	184,110,219	1,225,859	441,391,769	21,194,846	647,922,693
Takaful Revenue	(385,085,773)	-	-	-	(385,085,773)
Takaful Service Expenses					
Incurred Claims and Expenses	-	-	708,286,234	30,697,753	738,983,987
Amortisation of acquisition Cash Flows	48,702,002	-	-	-	48,702,002
Changes in Incurred Claims release	-	-	(79,077,926)	(8,683,393)	(87,761,319)
Changes in Onerous Liability	-	(57,334)	-	-	(57,334)
Takaful service expenses	48,702,002	(57,334)	629,208,308	22,014,360	699,867,336
Takaful service result	(336,383,771)	(57,334)	629,208,308	22,014,360	314,781,563
Takaful finance income/ (expenses) through profit or loss	-	-	7,082,019	(13,667)	7,068,352
Total changes in the statement to comprehensive income	(336,383,771)	(57,334)	636,290,327	22,000,693	321,849,915
Cash flows					
Contribution Received	454,373,435	-	-	-	454,373,435
Claims and other directly attributable expenses paid	-	-	(207,159,858)	-	(207,159,858)
Acquisition cost paid	(40,521,693)	-	-	-	(40,521,693)
Total cash flows	413,851,742	-	(207,159,858)	-	206,691,884
Net Balance as at 30 June 2024	261,578,190	1,168,525	870,522,238	43,195,539	1,176,464,492
Closing Takaful Contract Assets	(48,221,144)	-	-	-	(48,221,144)
Closing Takaful Contract Liabilities	309,799,334	1,168,525	870,522,238	43,195,539	1,224,685,636
Net Balance as at 30 June 2024	261,578,190	1,168,525	870,522,238	43,195,539	1,176,464,492

Takaful service expense of AED 699,867,336 consists of AED 630,664,074 pertaining to Policyholders' operations and AED 69,203,262 relating to Shareholders' operations. (Refer note 17)

The UAE experienced unfavourable weather conditions on 16 April 2024 which caused significant damages to motor vehicles and properties, both residential and commercial. Following the event, several claim intimations have been received by the Company in respect of both Motor and Non-Motor classes of takaful. The Company has been meticulously registering the claims and monitoring the process of assessment of intimated claims. Many claims have been settled to the beneficiaries while there still are claims which are under process. This process is still ongoing, and the company has been keeping a keen eye to monitor the development of the net impact of the claims from this event. Based on the claims experience so far, the Company has adequate reinsurance arrangements provided by reputed reinsurers and hence the company expects that the net impact of these claims after reinsurance recoveries will not be significant. The Company will continue to monitor these claims until all the claims are finalized in full, as appropriate.

Orient Takaful P.J.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

14 TAKAFUL CONTRACT ASSETS AND LIABILITIES (AS AT 31 December 2023) (continued)

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

31 December 2023 (Audited) *Liabilities for remaining coverage* *Liability for incurred claims - PAA*

	<i>Excluding loss component</i>	<i>Loss component</i>	<i>Estimates of the present value of future cash flow</i>	<i>Risk Adjustment for non-financial risk</i>	<i>Total</i>
Opening Takaful Contract Liabilities	182,080,094	-	367,078,269	15,434,533	564,592,896
Opening Takaful Contract Assets	(24,349,600)	-	-	-	(24,349,600)
Net opening position of Takaful Contracts at 1 January 2023	157,730,494	-	367,078,269	15,434,533	540,243,296
Takaful Revenue	(639,820,327)	-	-	-	(639,820,327)
Takaful Service Expenses					
Incurred Claim and Expenses	-	-	427,366,539	12,449,078	439,815,617
Amortization of Acquisition CFs	78,875,486	-	-	-	78,875,486
Changes in Incurred Claims (Release)	-	-	(12,812,724)	(6,693,806)	(19,506,530)
Changes in Onerous Liability	-	1,225,859	-	-	1,225,859
Takaful Service Expenses	78,875,486	1,225,859	414,553,815	5,755,272	500,410,432
Takaful Service Result	(560,944,841)	1,225,859	414,553,815	5,755,272	(139,409,895)
Takaful Finance expense through profit or loss	-	-	8,832,174	5,042	8,837,216
Total changes to SOPL and OCI	(560,944,841)	1,225,859	423,385,989	5,760,314	(130,572,679)
Cash flows					
Contribution Received	643,893,525	-	-	-	643,893,525
Claims and Other directly attributable Expenses Paid	-	-	(349,072,489)	-	(349,072,489)
Acquisition Cost paid	(56,568,960)	-	-	-	(56,568,960)
Total Cash Flows	587,324,565	-	(349,072,489)	-	238,252,076
Net Balance as at 31 December 2023	184,110,218	1,225,859	441,391,769	21,194,847	647,922,693
Closing takaful contract liabilities	220,584,699	1,225,859	441,391,769	21,194,847	684,397,174
Closing takaful contract assets	(36,474,481)	-	-	-	(36,474,481)
Net Balance as at 31 December 2023	184,110,218	1,225,859	441,391,769	21,194,847	647,922,693

Takaful service expense of AED 500,410,432 consists of AED 415,659,525 pertaining to Policyholders' operations and AED 84,750,907 relating to Shareholders' operations.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

14 TAKAFUL CONTRACT ASSETS AND LIABILITIES (AS AT 30 June 2024) (continued)

Reconciliation of the Assets for Remaining Coverage & Amounts Recoverable on Incurred Claims for Retakaful Contracts (continued)

30 June 2024 (Unaudited)	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cashflow	Risk Adjustment for non-financial risk	Total
Opening Balance of Retakaful Contract Assets	66,131,127	652,157	381,394,344	17,454,974	465,632,602
Opening Balance of Retakaful Contract Liabilities	(64,036,344)	-	-	-	(64,036,344)
Net Position of Retakaful contract as at 1 January 2024	2,094,783	652,157	381,394,344	17,454,974	401,596,258
Retakaful Expenses	(288,396,181)	(652,157)	-	-	(289,048,338)
Recovery of Incurred Claims and Expenses	-	-	610,182,268	28,530,979	638,713,247
Amortisation of Insurance Acquisition Cash Flows	43,262,903	-	-	-	43,262,903
Changes in Incurred Claims Contracts held (increase))	-	-	(59,074,529)	(6,855,762)	(65,930,291)
Claims Recovered (Loss Recovery)	-	735,820	-	-	735,820
Net(expenses) / income from retakaful contracts held	(245,133,278)	(83,663)	(551,107,739)	(21,675,217)	(327,733,341)
Retakaful finance (expense)/income through profit or loss	-	-	6,082,593	(12,295)	6,070,298
Total changes in the statement to comprehensive income	(245,133,278)	83,663	557,190,332	21,662,922	333,803,639
Cash flows					
Contributions paid	291,842,183	-	-	-	291,842,183
Claims received	-	-	(85,430,077)	-	(85,430,077)
Acquisition cost received (ceding commission)	(45,171,848)	-	-	-	(45,171,848)
Total cash flows	246,670,335	-	(85,430,077)	-	161,240,258
Net Balance as at 30 June 2024	3,631,840	735,820	853,154,599	39,117,896	896,640,155
Closing retakaful contract assets	18,822,743	735,820	853,154,599	39,117,896	911,831,058
Closing retakaful contract liabilities	(15,190,903)	-	-	-	(15,190,903)
Net Balance as at 30 June 2024	3,631,840	735,820	853,154,599	39,117,896	896,640,155

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

14 TAKAFUL CONTRACT ASSETS AND LIABILITIES (AS AT 31 December 2023) (continued)

Reconciliation of the Assets for Remaining Coverage & Amounts Recoverable on Incurred Claims for Retakaful Contracts (continued)

31 December 2023 (Audited)	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flow	Risk Adjustment for non-financial risk	Total
Opening Balance of Retakaful Contract Assets	78,831,414	-	299,180,686	12,898,283	390,910,383
Opening Balance Retakaful Contract Liabilities	(50,294,284)	-	-	-	(50,294,284)
Net position of Retakaful contracts as on 1 January 2023	28,537,130	-	299,180,686	12,898,283	340,616,099
Retakaful Expenses	(442,491,586)	-	-	-	(442,491,586)
Recovery of Incurred claims and Expenses	-	-	309,541,311	10,502,206	320,043,517
Amortisation of acquisition cash flows	68,775,925	-	-	-	68,775,925
Changes in Incurred Claims contract held (Release)	-	-	(48,736,369)	(5,950,817)	(54,687,186)
Claims Recovered (Loss Recovery)	-	652,157	-	-	652,157
Net (expense)/ income from retakaful contracts held	(373,715,661)	652,157	260,804,942	4,551,389	(107,707,173)
Retakaful finance income through profit or loss	-	-	7,748,708	5,302	7,754,010
Total changes to SOPL	(373,715,661)	652,157	268,553,650	4,556,691	(99,953,163)
Cash flows					
Contribution Paid	407,963,749	-	-	-	407,963,749
Claims Received	-	-	(186,339,992)	-	(186,339,992)
Acquisition Cost Received (Ceding Commission)	(60,690,435)	-	-	-	(60,690,435)
Total cash flows	347,273,314	-	(186,339,992)	-	160,933,322
Net balance as at 31 December 2023	2,094,783	652,157	381,394,344	17,454,974	401,596,258
Closing retakaful contract assets	66,131,127	652,157	381,394,344	17,454,974	465,632,602
Closing retakaful contract liabilities	(64,036,344)	-	-	-	(64,036,344)
Net balance as at 31 December 2023	2,094,783	652,157	381,394,344	17,454,974	401,596,258

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

15 INCOME TAX

The Company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim statement of profit or loss are:

	<i>Six-months period ended 30 June 2024 AED (Unaudited)</i>
Current income tax expense	2,366,703
Deferred income tax expense	-
	<hr/> 2,366,703 <hr/>

Below is the movement in the tax provision:

	<i>30 June 2024 AED (Unaudited)</i>
Opening Balance	-
Income taxes paid	-
Current tax expense	2,366,703
	<hr/> 2,366,703 <hr/>
Closing balance	2,366,703

16 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 March 2024, since the solvency position for current period is not yet finalised.

	<i>30 June 2024 AED (Unaudited)</i>	<i>31 December 2023 AED (Audited)</i>
Share capital	200,000,000 <hr/>	200,000,000 <hr/>
Minimum regulatory capital	100,000,000 <hr/>	100,000,000 <hr/>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2024 (Unaudited)

16 CAPITAL RISK MANAGEMENT (continued)

	<i>31 March 2024 AED (Audited)</i>
Solvency Requirement	
Total capital held by the Company	200,000,000
Minimum Capital Requirement (MCR)	100,000,000
Solvency Capital Requirement (SCR)	108,716,908
Minimum Guarantee Fund (MGF)	55,545,062
Own funds	
Basic own funds	217,007,107
Own funds eligible to meet MCR, SCR AND MFG	217,007,107
MCR solvency Margin - (surplus)	117,007,107
SCR solvency Margin - (surplus)	108,290,198
MGF solvency Margin - (surplus)	161,462,045